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32 Months Spying for the U.S.: Soviet Defector Reveals Details

By Robert D. McFadden

NEW YORK — For 32 months before he defected to the United States in 1978, Arkady N. Shevchenko, a top Soviet diplomat, passed Soviet secrets to American agents while serving as undersecretary-general of the United Nations, the defector says in a new book.

Mr. Shevchenko, the highest-ranking Soviet official ever to defect, says he gave the United States information on Soviet positions in the strategic arms limitation talks, told of frictions and maneuvers inside the Kremlin, and provided secrets on Soviet plans in Europe, Africa, Central America and other foreign policy arenas.

Before he stopped spying when confronted with a summons to return to Moscow, Mr. Shevchenko also gave the United States extensive Soviet cable traffic to and from the United Nations and Washington, enabling the Americans to decode a wide range of other secret Soviet messages around the world.

No major coups for the United States are cited in the book, and a former senior U.S. intelligence official agreed that there had been no major breakthroughs. But he said that Mr. Shevchenko supplied insights into many Soviet moves and into the plans and motives of the Soviet leader, Leonid I. Brezhnev.



Arkady N. Shevchenko

Foreign Minister Andrei A. Gromyko and other Soviet officials.

Senator Daniel Patrick Moynihan, Democrat of New York, who was the chief U.S. representative at the United Nations when Mr. Shevchenko was a spy, said:

"For the first time we got an understanding of how Soviet foreign policy is made and how it is operating. The persons who would need to know that, who would want to know that, think it was invaluable. Nothing like it had ever happened before."

The book, "Breaking with Moscow," to be published this month by Alfred A. Knopf, is a 370-page account of Mr. Shevchenko's life as a spy in New York from the autumn of 1975 until April 1978, when he announced that he had refused an order from Moscow to return home and would remain in the United States.

At the time, there were unconfirmed reports that Mr. Shevchenko had secretly been working for American intelligence during the latter part of his five-year term as undersecretary-general for political and Security Council affairs. His job was the second-highest UN civil service post, just under that of the secretary-general.

Mr. Shevchenko's book has provided the first confirmation of those espionage activities, which, by his account, were suggested by American intelligence officials after Mr. Shevchenko initially approached a U.S. diplomat at the United Nations in 1975 and indicated he wanted to defect.

Besides describing some of the secrets he passed, the book details many clandestine activities — meetings in safe houses, microfilm hidden in razors, and the pretenses and uncertainties of spying.

It also describes the agonizing fears of exposure and the intense pressures that led him to heavy drinking and a relationship with a woman who said she was paid by American intelligence officials — the same pressures that drove his wife to commit suicide in Moscow after his defection.

For the nearly seven years since his defection, Mr. Shevchenko, 54, has been living quietly in the Washington area. He remarried five years ago.

In the Soviet-American talks on a second strategic arms agreement, Mr. Shevchenko said, he provided advance information on Soviet positions. He also said that Soviet leaders believed the United States was ahead in these arms and that they wanted to use the talks to slow down the momentum of American technology.

In other areas, Mr. Shevchenko supplied information on Soviet intentions in Angola and the Horn of Africa. He said the Kremlin was looking for a way to avoid a fight between Somalia and Ethiopia, wanting both as allies, and only after war started did Moscow reluctantly side with Ethiopia.

Mr. Shevchenko said Fidel Castro initiated the idea of sending Cuban troops to Angola, and that since the United States was still reeling from the Vietnam experience, the Soviet Union approved the idea, thinking that the risks of a major-power confrontation were minimal.

Among other things, Mr. Shevchenko told the Americans that the Politburo always accepted Soviet Foreign Ministry recommendations on foreign policy, and that Mr. Gromyko, under Brezhnev, was the principal author of foreign policy, contrary to the view of many U.S. intelligence officials.

Mr. Shevchenko said that Soviet leaders wanted to avoid military confrontations with the United States and that he believed they did not intend to use nuclear warfare against the United States.

But he said there was a period — in 1969 — when the Soviet leaders considered using nuclear weapons against China. Civilian authorities overruled the military on the issue, he said.



Swiss Truckers Block Borders in Protest Over Tolls

About 100 Swiss drivers parked their trucks at a Basel border crossing Monday to protest tolls by neighboring countries on Swiss drivers that were imposed after the Swiss taxed truck traffic. The protest was later called off. Blockades elsewhere had halted most commercial traffic with France and West Germany. France has introduced tolls on Swiss drivers; West Germany plans a toll.

Europeans Holding Emergency Talks On Combating Anti-NATO Terrorism

International Herald Tribune

PARIS — Western officials are holding a series of emergency talks on how to combat a new wave of terrorism in Europe described as an "anti-NATO campaign," diplomats said Monday.

After a meeting of European police officials in Brussels on Friday, interior ministers in European Community countries are considering a special meeting to decide anti-terrorism measures across the continent. The French interior minister, Pierre Joxe, is to travel to West Germany on Tuesday for talks on the issue.

A high-ranking official of the French Defense Ministry and a West German industrialist whose company was involved in major military contracts have been assassinated in the past two weeks. At the same time, a series of bombings have been aimed at various North Atlantic Treaty Organization targets.

Officials are divided in assessing the strength of the new threat, but they are alarmed by evidence of close coordination among terrorist groups in different countries. Intelligence-sharing on terrorists by Western governments has been weak, officials said, indicating that this is a priority measure under discussion in the current meetings.

In what diplomats said was a clear hint that he suspects the Soviet Union of providing some measure of support for the attacks against NATO targets, President Francois Mitterrand of France said Saturday that the "terrorists were, unconsciously or not, implicated in an international strategic struggle."

The anti-NATO slant in the terrorist campaign follows huge demonstrations in Western Europe a year ago against NATO's deployment of new nuclear missiles.

France, which has not previously suffered from leftist terrorism by French groups, has moved closer to NATO recently. Mr. Mitterrand campaigned for the missile deployment and the French Army has been reorganized to create a special force to reinforce West Germany in wartime.

Meanwhile, police are looking for possible links among several recent operations against military-related targets. General René Audran was assassinated in Paris on Jan. 25 in an operation claimed jointly by the French group Direct Action and West Germany's Red Army Faction.

In Portugal on Friday, bombs

destroyed cars belonging to West German pilots training near Lisbon. A Portuguese urban guerrilla group, known as the Popular Forces of April 25, said it planted the bombs and that earlier, it had fired mortars at NATO ships in Lisbon's harbor.

Later on Friday, two members of the Red Army Faction murdered Ernst Ziemer, an industrialist who heads West Germany's association of aerospace manufacturers.

The next day, 80 people, most of them U.S. servicemen, were injured in an explosion in a bar near a NATO base in Greece. A previously unknown group, the National Front, said it was responsible.

Direct Action and the Red Army Faction have said that they are working together. They are thought to be cooperating with a Belgian group, the Fighting Communist Cells. All three groups have claimed responsibility for similar sabotage operations in recent months against installations of NATO and multinational corporations.

Italy's Red Brigades also appear

implicated. Officials in Italy say they have evidence that the Red Brigades have been working with both the Red Army Faction and Direct Action for months. But there is no sign, diplomats said, that Irish terrorists or other separatist groups are involved in what an Italian minister has called "Euroterrorism."

The attacks have shattered a widespread view that Europe's leftist urban guerrillas, who gained alarming strength in the 1970s in West Germany and Italy, had been crushed.

Many officials maintain that the threat is much smaller now. "Terrorism has not been finished, but it no longer has the enormous strength it had in the 1970s," said Friedrich Zimmermann, West Germany's interior minister, on Friday.

Both Italian and West German officials have criticized France for its liberal policy of granting political asylum to fugitives, but Mr. Mitterrand pledged Saturday that France would "refuse any protection, direct or indirect, to terrorists guilty of bloodshed."

'Risky' Budget Targets the Middle Class

By Bernard Weinraub

New York Times Service

WASHINGTON — President Ronald Reagan, seeking to capitalize on his election mandate, his personal popularity and a vigorous economy, is establishing the framework for his second term by proposing a politically risky budget that strikes heavily for the first time at numerous programs affecting the middle class.

"The hour of decision has arrived," said a key White House official. Another presidential aide said, "In a broad sense this budget is a reflection of the acceptance on our part that the Republican Party is acting like a majority party because we're now taking on some pretty powerful constituents, many of them our own."

Ranking administration officials acknowledge that the budget's proposals are far more sweeping and "grandiose" than those of 1981, when Mr. Reagan began his first term seeking to reduce inflation and to cut government spending in programs designed to help the poor. They concede that the reductions in the newest budget will fall hardest on businessmen, farmers and middle-income families.

"We're going after those programs," said a White House official, "because that's all that's left."

Mr. Reagan, in his budget message to Congress, adopted a populist tone, portraying him-

self as a champion of the people and an adversary of politicians and "special interests."

"At some point," he said, "the question must be raised: 'Where is the political logrolling going to stop?' At some point, the collective demands upon the public Treasury of all the special interests combined exceed the public's ability and willingness to pay."

He added: "The single most difficult word for a politician to utter is a simple, flat 'No.' The

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patience of the American people has been stretched as far as it will go. They want action; they have demanded it."

On one level, the main White House goal is to piece together a package of restraints that would increase military spending, yet reduce the federal budget deficits without raising taxes. The budget proposes the lowest rate of spending growth in two decades so as to reduce the annual deficits to \$144.4 billion by 1988.

On another level, however, the budget seeks to make a clear statement about the Reagan administration's intentions. In contrast, the administration's goals for its first term were never quite defined, or perhaps even blurred.

A senior White House official termed the prospects for the changes now sought by Mr.

Reagan Offers Budget in 'Spirit Of Compromise'

The Associated Press

WASHINGTON — President Ronald Reagan, formally presenting his \$973.7-billion budget for the 1986 fiscal year, offered Monday to work with a recalcitrant Congress "in a spirit of compromise and cooperation."

Congressional leaders of both parties have insisted for weeks that further cuts in domestic programs, already trimmed during Mr. Reagan's first term, would be difficult to enact without restraint in defense programs.

The new budget calls for a \$30-billion increase in defense spending, while domestic spending would be cut nearly \$40 billion.

The budget recommends sharp reductions in mass transit, housing and student aid; an end to the revenue-sharing program that turns federal tax dollars back to state and local governments; termination of the federal subsidy of the Amtrak rail-passenger system, and a 5-percent pay cut for all federal civilian workers.

Mr. Reagan met with the bipartisan congressional leadership at the White House to hand over the green, hard-bound, signed copies of his budget proposal.

When the president was asked if he would be able to get the proposal through Congress, Representative Jim Wright of Texas, the leader of the majority Democrats in the House of Representatives, suggested that "some variation thereof" could be expected.

Mr. Reagan repeated the phrase, adding: "It just depends upon how close we all come."

"Right now, I'll settle for a tie," the president said.

And, pressed again on whether he would agree to defense cuts, he responded, "We'll have to talk about that."

A few minutes after the presentation ceremony in his office, Mr. Reagan addressed more than 100 members of the congressional leadership and ranking minority members of House and Senate committees at a budget briefing.

The president's statement represented a tough defense of his proposal.

Mr. Reagan said: "If we lose the budget battle — if we allow all the lessons of all the decades of unchecked government spending to go unheeded — then I believe we'll consign ourselves and our children to the tyranny of a government that

respects no boundaries and knows no limits."

"The defense of our nation," he said, "is the one budget item that cannot be dictated solely by domestic considerations. Despite severe constraints on our budget, we must respond to the unprecedented military buildup of the Soviet Union — the largest military buildup in world history."

"I don't think I've ever submitted a budget that wasn't controversial, and I'm sure this one will be no exception," Mr. Reagan said.

"Nevertheless, I believe it's possible, working together in a spirit of compromise and cooperation, we can bring our budget under control without damaging our economy."

Earlier, Republican and Democratic congressional leaders continued their criticism of the budget proposal.

"The president, I must say, is in a fairly comfortable position," said Robert J. Dole of Kansas, the leader of the majority Republicans in the Senate. "He says, 'Don't touch Social Security. Don't touch defense. Don't raise taxes. And you can't touch interest on the debt.' That doesn't leave a great deal."

"Those of us in the Congress have to maybe look beyond some of the president's promises of the campaign," Mr. Dole added.

Mr. Wright said the proposed budget shows "a blind spot on the part of Mr. Reagan" and Defense Secretary Casper W. Weinberger. "When they speak of spending, they don't mean military spending," he said. "When they speak of shrinking government, they don't think of the Pentagon as a part of government."

Both men, who appeared on a television interview program Sunday, said they believed Congress would approve cuts in a variety of domestic programs, but not to the extent that Mr. Reagan has proposed.

They also said that Congress would be more likely to go along with a 3-percent increase for military appropriations, after allowing for

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Technology Bandit Led Ring for Russia

By Joseph Fitchett

International Herald Tribune

LUBECK, West Germany — When Richard Mueller eluded a police dragnet in Hamburg 14 months ago, West German officials thought all they had missed was a businessman who specialized in smuggling electronics to the Soviet Union.

But as investigators fanned out beyond West Germany — to South Africa and Sweden, the United States and Panama, Austria, Britain, France and Switzerland — Mr. Mueller was revealed as a kingpin of Soviet industrial espionage and possibly even a Soviet spy.

West German court documents show that the Mueller network, before it was dismantled and some of its members jailed last year, supplied the Soviet Union with dozens of powerful U.S.-made com-

High-Tech Smuggling: Closing the Loopholes

First of two articles.

puters as well as machines for designing military-standard microchips — in effect, a new generation of electronic technology.

And Mr. Mueller's organization, investigators say, was involved in military espionage in West Germany that may have betrayed critical data about the new European fighter, Tornado. The plane is a mainstay of the West German, Italian and British air forces now and into the 1990s.

Well-placed Swedish and French sources say that classified data, apparently stolen from the West German company Messerschmitt-Bolkow-Blohm, was found on computer tapes in the possession of Mr. Mueller's Swedish associate, Sven-Olaf Haakansson. MBB played a leading role in the planning and construction of Tornado.

The continuing process of dismantling the Mueller network highlights the stepped-up cooperation among Western governments against technology smuggling.

After bitter transatlantic disputes during the first Reagan administration about how tightly to confine technology trade, the European allies agreed last summer to step up their efforts to stop smuggling and to broaden the strategic controls by adding more equipment — for example, personal computers and telephone switching gear — to the restricted list of COCOM, the committee of NATO countries and Japan that supervises Western exports to Communist countries.

This week, the first test looms for this fragile policy consensus as COCOM convenes on Wednesday in Paris to review the new lists.

Informally, officers from customs and intelligence agencies also will converge on Paris to discuss their efforts to improve enforcement. A campaign in which the Mueller network is the biggest catch so far.

Western intelligence officials decline to discuss the Mueller case, but U.S. Customs puts his name high on its secret list of most-wanted technology bandits. The "most toxic of all" is how a U.S. official privately described him.

Mr. Mueller, 43, a German native, is "not just another shady broker supplying bits of equipment, he is the biggest smuggler, who put together whole sophisticated systems" for Soviet customers, says Hermann Stahmer, a West German public prosecutor.

Mr. Stahmer, prosecutor in the northern city of Lubeck, coordinated a task force of West German, U.S., British and Swedish agents that investigated Mr. Mueller's operations and brought to trial nine of his accomplices. Mr. Mueller and an undisclosed number of other suspects are still at large, but all nine who stood trial were convicted.

Three received short prison sentences — a break with West German pattern in which technology smugglers usually are simply fined — and were released last month.

Mr. Mueller's accomplices are cautious in discussing their former employer, but in interviews, several emphasized his ability to manipulate Western businessmen and officials.

For example, they contend that major European companies have

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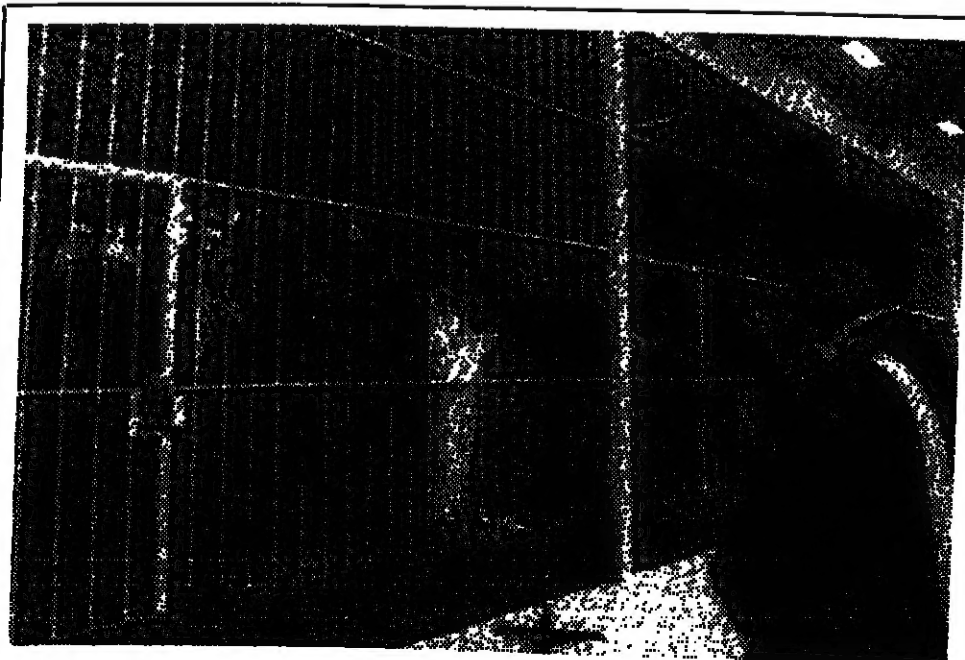
3 Countries Linked to Spy Case in India

New York Times Service

NEW DELHI — A key figure in an espionage network recently uncovered by Indian intelligence officials was quoted Monday as telling a New Delhi magistrate that he had passed on government secrets to diplomats from East Germany, Poland and France.

[Also on Monday, Prime Minister Rajiv Gandhi's government instructed two top officials to go on long leave and an inquiry was ordered into the disclosure of classified documents from their departments. The Associated Press reported.]

[Coomar Narain, the businessman linked with the spy scandal, in court identified the Polish diplomat to whom he had supplied information as Jan Hiberka. The AP said, Mr. Hiberka returned to Warsaw last August after serving as



CAMORRA IN THE DOCK — The trial began Monday of 252 persons accused of working for the Camorra, the Naples crime network. The 158 defendants who appeared on the first day were put in 20 steel cages in a sports-field-sized courtroom built inside a prison. Defendants include lawyers, entertainers, businessmen, a priest and a nun.

In U.S., Real Cowboys Write Poetry

By T.W. McGarry

Los Angeles Times Service

ELKO, Nevada — "Hollywood made the singing cowboy famous with his guitar," said Nyle Henderson of Hotchkiss, Colorado, who breaks horses and guides pack trains in the Rockies.

"I've been in quite a few cow camps and around a lot of campfires," he said, "and I can't hardly remember anybody who ever played a guitar. But there's almost always several guys who know some poems and stories, and they take turns reciting them."

There were cowboys by the score, and a few cowgirls too, at the First Cowboy Poetry Gathering, a three-day session that ended Sunday in Elko, a tiny town in northeast Nevada that boasts it is "the last real cow town in the West."

Cowboys of all types, from educated outdoorsmen with advanced university degrees to drifters in flashy outfits, turned the town's streets into a bobbing sea of cowboy hats. Whatever else they wear, cowboys never take off their hats, the crucial badges of the Westerners they celebrate.

When an onlooker tried to take a snapshot of the group in a Basque restaurant Friday night, one cowboy who was bareheaded quickly shouted, "No, wait," and held up the photo until he was properly topped.

"Wouldn't want no naked pictures," muttered an old cowboy at the same table.

About 100 poetry readers and 400 friends and fans read and listened to verses based on the daily lives of cowboys and ranchers, past and present, formalizing a tradition that goes back to the frontier and proving that America's century-old love affair with the cowboy, as a symbol of national character and a heroic past, is alive and well.

They brought poems written by themselves, or parents and grandparents. Or they recited words by poets popular in the West, some of them dead for generations, others writing today.

They read poems about smart horses and stupid cows, or vice versa, about charmed dogs or vanished youths before the plains were fenced.

There were poems about the beauty of the land, the bitterness of mountain winters, about dirty jobs like delivering calves: poems praising the coffee bean or a good waitress in a cafe or damning the federal bureaucracy; poems about windmills and pickup trucks and sunsets and manure.

Cowboy poems resemble the poetry of the turn of the century, not the deeply introspective abstractions of modern poets. The poems are almost always simple, rhythmic rhymes with funny or melodramatic endings.

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2,300 U.K. Miners Abandon Strike

The Associated Press
LONDON — British miners abandoned their strike in record numbers Monday following the collapse of negotiations to end the 47-week-old walkout, the National Coal Board said.

The National Union of Mineworkers president, Arthur Scargill, raised hopes that there would be talks to end the strike by saying that the board had sent him "probably the most conciliatory letter we have had in months."

But he gave no details, and a board spokesman said he had no knowledge of the letter to which Mr. Scargill was referring.

The board said that 2,318 more miners turned up for the morning and afternoon shifts, 36 more than the previous record of 2,282 on Nov. 19. But Mr. Scargill accused the board of "mixing figures like people mix cocktails."

Michael Eaton, the board's chief spokesman, said: "The men are expressing their view about the strike by going back to work because it is the only way available to express to the union's leadership that they want the strike over and a negotiated settlement."

Denis Murphy, the union president in the county of Northumberland, said that he was disappointed at the large turnout.

"I thought the coal board nationally would have been prepared to negotiate rather than see people go back to work without an honorable settlement," he said.

Prime Minister Margaret Thatcher, for whom the strike is the toughest challenge by a union since she was elected in 1979, has resisted any compromise.

On Friday, after a seventh round of talks collapsed, she said negotia-

tions were futile unless the union agreed to discuss closing uneconomic pits, the issue over which it called the strike last March.

Mr. Scargill signaled his eagerness for negotiations Monday by going to the Advisory, Conciliation and Arbitration Service, an independent strike-mediating body. The service said it would inform the coal board of Mr. Scargill's offer.

The government fears that if it agrees to negotiate, strikers will stay away from the pits in hope of a settlement.

A board official, who asked not to be identified, said that when negotiations were planned last week, "the return to work slowed down because the men had a sniff of negotiations in their nostrils."

Industry sources quoted by The Standard, a daily newspaper, said that if the board continued its present strategy, it could get a majority of the union's 187,300 members back to work by mid-February and, in effect, defeat the strike by attrition.

The number that returned Monday brought the total of working miners to more than 81,000, the board said.

But Mr. Scargill contested the figures. He claimed that within one hour Monday morning the board's estimated number of miners going back to work jumped from 900 to 2,000. These figures, he said, "make nonsense of the board's credibility."

He gave no figures of his own, but last week he was saying that 140,000 of the union's members were still on strike, including 90 percent of those who walked off their jobs at the start of the shutdown.



PHILIPPINE RIOT — Police armed with guns and water cannon attacked more than 200 students and residents of a Manila suburb Monday. The government ordered the demolition of squatters' houses in the area.

Technology Bandit Headed Network for Russians

(Continued from Page 1)
used Mr. Mueller's services to supply embargoed equipment in connection with industrial contracts in the Soviet Union.

In Sweden, the engineering firm Asa, the country's third largest company, is under investigation by the U.S. Commerce Department following allegations that the Mueller organization smuggled computers to Sweden and then to the Soviet Union for a steel-rolling mill that Asa built there.

Asa has declined to comment directly on the allegations because, a spokesman said, a former Asa executive "is about to go on trial in connection with this deal."

Western companies that deal with Mr. Mueller, aides said, believe they are using Mr. Mueller. But, the aides said, he benefits from their involvement to try to obtain high-level political protection for himself and his accomplices while they assemble even more sophisticated technology for the Soviet military.

Mr. Mueller, his former employees say, also was adept at duping officials. For example, in South Africa, to which all Western governments and the Soviet Union have embargoed arms sales, Mr. Mueller ingratiated himself with officials — and made handsome profits — by smuggling in military equipment.

In circumventing the embargo on South Africa, he had covert help from the Soviet Union, a former Mueller employee said, in order to help consolidate his position in South Africa, an important base for part of his pro-Soviet operations.

"Wherever there is an embargo, there is business for Mr. Mueller," said Manfred Schroeder, a computer technician who worked for him for three years. "And the U.S. government provides free advertising by putting his name and his companies' addresses on the Commerce Department denial list, which any savvy executive can get."

Mr. Schroeder, 36, joined the Mueller organization at the end of 1980 from Digital Equipment Corporation in West Germany. For three years, until his arrest and trial in Lübeck last year, he installed and repaired a series of obtained DEC computers for Mr. Mueller in the Soviet Union, South Africa, West Germany and Sweden — all of them illegally obtained because Mr. Mueller is on the U.S. denial list.

In interviews, Mr. Schroeder, and other Mueller accomplices who refused to be quoted, acknowledged a sharp increase in the prices Soviet customers have been willing to pay for black-market advanced Western electronics over the last three years as restrictions have replaced the comparative commercial freedom of the 1970s.

Dismissing the Mueller organization, Mr. Stahmer said, showed that "the system is working." The loss of the network, he said, is a major blow to Soviet industrial espionage.

Mr. Mueller was first named as a trafficker in November 1983, when West German and Swedish customs agents, at U.S. urging, seized computer shipments from Mr. Mueller in South Africa for the Soviet Union. It was a record seizure of embargoed technology.

But it is now clear that three times as much equipment got through as was stopped, including at least one DEC 11/782 computer of the kind seized in West Germany. A West German Defense Ministry expert testified at the Lübeck trial that this shipment saved the Soviet Union five years of research it would have needed to develop comparable equipment of its own.

The U.S.-inspired swoop nonetheless prevented Mr. Mueller from delivering all the equipment for the planned Soviet project: a facility both for designing and manufacturing advanced microchips to military standards, according to Swedish and West German officials.

Sophisticated microchips are small computers that are critical components in modern weapons and military command systems. Designing new ones demands a battery of computers to plot complicated circuitry laid on silicon wafers — design equipment that Swedish officials say they intercepted.

But chip-making equipment —

water-steppers built by the U.S. company David Mann and illegally obtained by Mr. Mueller through front companies — was delivered to computer-design institutes in Leningrad and outside Moscow, Lübeck court records show.

The total value of the shipments completed by Mr. Mueller is estimated in the court records as 58 million Deutsche marks (about \$18 million). Mueller accomplices say that Soviet customers paid roughly three times the market value. Swiss banks, which disclosed his accounts to Mr. Stahmer, report even larger sums in Mr. Mueller's possession, exceeding \$100 million.

With ample funds and Soviet help, officials say, Mr. Mueller continues to travel in the West after plastic surgery. An East European government, which officials declined to name, apparently has supplied him with a diplomatic passport, which a U.S. Customs agent called a "license to smuggle."

Even though Mr. Mueller is sought by police and intelligence services from the United States, Britain and West Germany, he has been traced last year to West Germany, the Netherlands and Britain, an official acknowledged.

Former associates were unwilling to say whether Mr. Mueller, a slight, formerly dark-haired man, has changed much from his old self. His employees describe him as a generous boss who was fond of relating his exploits in outwitting investigators.

These days, Mr. Mueller resides mostly in Eastern Europe, often in the Metropol Hotel in East Berlin or in his apartment in Budapest. He is unlikely ever again to operate with the impunity he enjoyed in the early 1980s, when he traveled freely in Western Europe. Despite a U.S. warrant for his arrest, West European governments were unwilling to extradite him or even to arrest him until he committed an offense on their territory.

While mainly operating in West Germany and Switzerland after he fled the United States in 1975, Mr. Mueller quickly started consolidating a base in South Africa, impressing influential officials there by his ability to puncture Western embargoes, aides say.

He started, they said, by working with a company supplying offshore oil-drilling platforms. When helicopters needed to be replaced, Mr. Mueller managed to get them.

He also brought in arms, according to Swedish customs officials, who link him to munitions deliveries in 1981 and 1982 that have been traced to France. Swedish police arrested a ship broker last week in Stockholm in connection with these shipments.

There is no proof of official collusion with Mr. Mueller in South Africa. But after his exposure, there were no arrests in South Africa.

In September 1983, Mr. Mueller, after a tipoff, an associate said, quickly dismantled his South African operation and starting shipping it to Sweden by air and sea.

Mr. Mueller himself traveled from West Germany to Sweden 14 times in the next two months, crossing the Baltic by ferry with his station wagon, a route that would have enabled him to transport goods with minimal customs scrutiny.

In November, when one of his seaborne shipments from South Africa was seized in Hamburg, he vanished.

As the West German authorities started their investigation, a breakthrough came in Sweden: Customs began investigating Mr. Mueller's associate, Sven-Olof Haakansson, and quickly uncovered evidence pointing to high-level corporate contacts and to espionage activities.

Mr. Haakansson's records, for example, showed he received a payment in 1980 of 3 million Swedish kronor (then worth about \$750,000) in Switzerland from the Asa corporation. The funds, Swedish officials say, were part of an arrangement whereby Mr. Haakansson obtained embargoed U.S.-made computers from Mr. Mueller for delivery to an Asa-built steel-rolling mill in Oskol in the Soviet Union.

Confirming the payment to Mr. Haakansson, an Asa spokesman said the deal was authorized by Berttram Brinkeborn, who was then in charge of Asa's sales to the East bloc. The implication of the company's statement is that Mr. Brinkeborn could have made the deal himself, without informing the company.

Mr. Brinkeborn, the spokesman said, is expected to go on trial for alleged tax-evasion offenses connected to his deals with Mr. Haakansson. Sweden, which has law

against technology exports to the Soviet Union, used tax offenses, not smuggling violations, to jail Mr. Haakansson.

Asa, however, is "discussing" the company's role in the incident with U.S. officials, the spokesman confirmed. Asa, Europe's leading robot exporter, is heavily dependent on U.S. technology.

Asked about corporate involvement, Mr. Brinkeborn, who left Asa at about the time when the Mueller case broke in late 1983, has only made one public comment: "Ask the head of Asa."

Swedish government officials, after several embarrassing disclosures of corporate shipments of sensitive technology to the Soviet Union, say they are working hard to expose any other past violations and to stop smuggling. Sweden's own military programs depend heavily on obtaining U.S. technology, so the issue "is a major preoccupation of our diplomats," a Swedish parliamentarian said.

An equally sensitive political problem for Sweden is posed by the nearly 6,000 computer programs, some encrypted, that were seized in the Haakansson investigation.

"Mueller brought them to Haakansson, and Haakansson carefully hid them," according to Sigvald Falkland, head of investigations for Swedish customs. Along with a sensitive military camera, Mr. Falkland said, the tapes "were the only thing he hid" during the six weeks between his first interrogation and the Swedish decision to arrest him and seize his records.

The tapes were handed over for analysis to Swedish defense specialists, who discovered highly classified data in them about the Tornado aircraft. Their findings were first reported by Dagens Nyheter, Sweden's leading newspaper. Bo Anderson, the paper's respected national security correspondent, cited both Swedish defense analysts and Swedish intelligence officers as saying that West German

officials visited Sweden to discuss the Tornado and other classified data on the tapes.

Both Swedish and West German officials, together with a spokesman for the Panavia industrial consortium that built Tornado, said they could not confirm that the tapes concerned Tornado. But a highly placed French source said this week that the computer programs contained "construction and operational data" on Tornado that had been stored on computers in the Munich offices of Messerschmitt and perhaps other companies involved in building the plane.

U.S. customs officials acknowledge that they were involved in trying to match the tapes found in Sweden to DEC equipment installed at Messerschmitt.

Already last fall, the West German government confirmed that Tornado secrets were lost because of an East German spy, Manfred Rotsch, who had access to it at Messerschmitt. But it is unclear whether a link existed between Mr. Rotsch and Mr. Mueller.

Hints, however, that Mr. Mueller's operation is suspected of major espionage activity came from officials in several countries.

In Sweden, where Mr. Haakansson is serving four years in jail for tax evasion, Mr. Falkland was asked if he was disappointed that the Stockholm court had dropped the smuggling charges sought by Swedish customs.

Not at all, he said. "Notice that Haakansson didn't bother to destroy his records during the six weeks we left him alone," he said. "I guess he assumed we were too stupid to figure out what he was doing."

Investigators, he implied, are again working on much more than they are ready to acknowledge publicly.

Tomorrow: The United States and Europe are getting together on tightening restrictions on technology sales.



CROWN FOR VIRGIN — Pope John Paul II placed a crown on the statue of the Virgin Del Carmen after he spoke to a crowd at an ancient Inca fortress in Cuzco, Peru. In Cuzco, he told thousands on crutches and in wheelchairs that man can find "pain is a treasure."

Real Cowboys Write Poetry

(Continued from Page 1)
of the kind typical of Robert Service or Rudyard Kipling, whose outdoor, adventure-oriented poetry was a popular influence on the form.

For example, these lines from Dick Gibford's "The Last Buckaroo":

By morning star
And quarter moon
The day is growing light.
A cowboy and his trusty steed
Are ambling into sight.

The night is gone,
A day is born.
The world is spinning on,
A cowboy and his trusty steed
Are moving in the dawn.

The gathering was sponsored by the Institute of the American West, of Sun Valley, Idaho, an arm of the Sun Valley Center for the Arts and Humanities. It was financed by about \$75,000 in grants from the National Endowment for the Arts and other foundations.

It was the first such formal gathering ever, said the institute's direc-

tor, Hal Cannon, designed to preserve and encourage an American folk art that has persisted for a century in regional isolation.

Cowboy poetry seems to have been in existence since the 1870s, Mr. Cannon said. By the 1880s, verses were appearing in newspapers and cattleman's journals.

He said the West is still full of men and women in the cattle industry who write and recite poetry.

Modern poets write about the loss of an age of cowboys and the open range as well as politics and personal experiences, he said.

One of the best-loved of the old-time cowboy poets is Gail I. Gardner, now in his 90s and living in Prescott, Arizona, who concludes a poem called "Real Cowboy Life" with this advice:

If you ever have a youngster
You kin shove him down the well;
Do not let him be a cowboy,
For he's better off in hell.

WORLD BRIEFS

Greek Tanker Hit by Iraqi Missile

KUWAIT (Combined Dispatches) — A missile fired by an Iraqi warplane damaged a Greek oil tanker Monday near Iran's main oil export facility in the Gulf, it was reported here.

Greek officials in Athens confirmed that the Greek tanker Fairship-1 had been seriously damaged in an attack while en route to the Kharg Island oil terminal. None of the 26 crew members aboard the 132,000-ton tanker was hurt.

The attack followed a week of heavy land fighting in the Gulf war. The Iraqi News Agency, in a report monitored Monday in Kuwait, quoted an Iraqi general as saying that his brigade had destroyed two Iranian army units in a battle last week, killing more than 1,500 men. He said the battlefield, in the central front, was "littered with Iranian dead soldiers."

Meanwhile, there were reports that a fresh diplomatic effort was under way to end the war. In Kuwait, the newspaper Al-Sayassah said Sunday that France, Saudi Arabia and Algeria were working on a plan for talks with the support of the six-nation Gulf Cooperation Council. (UPI, AP)

Ulster Nationalist Plans to Meet IRA

LONDON (NYT) — John Hume, the leading Northern Ireland politician from a nationalist party that rejects violence, has said he plans to meet leaders of the Provisional Irish Republican Army despite opposition from the Irish prime minister and the British authorities.

Mr. Hume, leader of the Social Democratic and Labor Party, said on Irish radio Sunday that he wanted to talk to the Army Council of the IRA "to say to them clearly I want them to end their campaign of violence." The IRA said on Friday that it was willing to meet Mr. Hume.

Prime Minister Garret FitzGerald, on the same program, said he recognized Mr. Hume's "courage and conviction," but that any such meeting would be broken up if it occurred in Ireland. Britain's secretary of state for Northern Ireland, Douglas Hurd, said that such a meeting would give credence to the idea that the IRA was a valid political force.

Seoul Pledges Kim Will Not Be Jailed

SEOUL (Reuters) — Kim Dae Jung, a leading South Korean opposition politician, will not be jailed when he returns to Seoul on Friday from two years of exile in the United States, the government said Monday.

A government spokesman declined to say whether Mr. Kim, 59, would be put under house arrest to stop him from campaigning for national elections Feb. 12. He is among 15 politicians banned from political activity until 1988, when President Chun Doo Hwan's seven-year term ends.

Mr. Kim, who plans to travel to Seoul with a group of 20 Americans, said in Washington that the South Korean statement manifested "the beginning of a reasonable attitude." He said he did not intend to take part in the elections. But, he said, he thought his presence would give a boost to opposition candidates.

2 Guilty of Killing India Envoy in U.K.

BIRMINGHAM, England (Reuters) — Two Kashmiris were found guilty Monday of murdering an Indian diplomat, Ravindra Mhatre, who was kidnapped last year.

A jury found Abdul Raja, 28, and Mohammed Riaz, 23, guilty at the end of a 16-day trial in Birmingham. They will be sentenced Thursday. Both pleaded not guilty. The prosecutor said that Mr. Mhatre had been killed by members of the Kashmiri Liberation Front, which seeks independence from India and Pakistan.

Mr. Mhatre, 48, was an assistant commissioner at the Indian High Commission in Birmingham. He disappeared in February after leaving his office for home and was found shot and killed two days later in the countryside. Mr. Raja, who gave a Paris address, and Mr. Riaz, a student with an address in Leicester, England, were also found guilty of falsely imprisoning Mr. Mhatre. They denied that charge, too.

Israeli Soldier Killed in West Bank

RAMALLAH, Israeli-Occupied West Bank (AP) — An Israeli soldier was shot to death Monday in the center of this Palestinian city, an army officer and hospital spokeswoman said. Israeli troops blockaded roads leading into Ramallah and imposed a curfew while they hunted for the assailant.

The soldier was shot while on duty in front of a building used by the Israeli military government, according to a lieutenant colonel who refused to give his name. The shooting followed the firebombing of an Israeli civilian's car last week that was the first fatal attack on a Jewish settler in the West Bank in two years.

Defense Minister Yitzhak Rabin, who was in the United States when the motorist was fatally injured, said Monday on his return to Israel that the authorities "will fight any terrorist element with full force."

UN Panel Urged to Monitor Torture

GENEVA (Reuters) — The United Nations Human Rights Commission was urged by its outgoing chairman Monday to set up a system to monitor use of torture against prisoners.

Peter Kooijmans of the Netherlands said at the opening meeting of the commission's 1985 session that torture remained a daily occurrence despite a convention to ban it adopted by the UN General Assembly in December. "Conventions alone are not sufficient to put an end to this crime," Mr. Kooijmans said.

The commission unanimously elected a former president and foreign minister of Bangladesh, Abu Sayeed Chowdhury, 64, to succeed Mr. Kooijmans as chairman of its six-week session.

For the Record

Vietnamese troops seized a Khmer Rouge hilltop outpost Monday in Cambodia after fighting in which at least one guerrilla was killed and seven wounded. Thai military officials in Aranyaprathet said. Several Vietnamese were also killed or wounded. (Reuters)

Donald T. Regan and James A. Baker 3d formally completed their exchange of jobs on Monday, with Mr. Regan reporting for work as President Ronald Reagan's chief of staff and Mr. Baker taking charge of the Treasury Department. (AP)

Mary Evans, the attorney who pleaded guilty to helping a penitentiary inmate escape and who spent five months with him on the run, was released Monday in Chattanooga, Tennessee, after serving more than 10 months in prison. (AP)

Finish troops recovered the last major part of a stray Soviet missile on Monday. A helicopter and divers hauled the main body section, assumed to contain the steering equipment, from Lake Inari. (Reuters)

Libya postponed for at least 24 hours on Monday the release of four Britons held there for nine months, citing "unforeseen circumstances," the British consul in Tripoli said. (AP)

The 48th game in the world chess championship was postponed Monday because new facilities for the match are not yet ready, a chess official said. The play is being moved from the Hall of Columns to the Sport Hotel in southern Moscow. (AP)

President Ronald Reagan has named General Bernard W. Rogers to another two-year term as commander of North Atlantic Treaty Organization forces, the Pentagon said Monday. (Reuters)

Envoys Cited in India Spying

(Continued from Page 1)
a deputy commercial attaché in the New Delhi embassy for four years.

[The French deputy military attaché, Colonel Alain Bolley, who left India Jan. 20, also was named by Mr. Narain, the source said, adding that he did not recall the name of a second French diplomat involved.]

It was unclear what effect the charges would have on plans for General Wojciech Januszewski, the Polish leader, to visit India next week. Polish, East German and French officials all refused to comment on the charges.

A court official, who declined to be named, said that Mr. Narain had confessed to a 25-year involvement in industrial, military and political espionage.

"Every kind of document," the court official said, was passed to diplomats from Poland, East Germany and France. He said that Mr. Narain had confirmed the involvement of "all those arrested" in the case, including five members of Mr. Gandhi's secretariat.

Indian officials have said that a wide range of secret information — from India's plans for future military purchases to intelligence reports on the Punjab, Pakistan and Sri Lanka — was in papers copied

by junior government officials and given to Mr. Narain, who passed them to his embassy contacts.

Fifteen people have been arrested for violations of the Official Secrets Act since intelligence officials began a crackdown last month with searches of Mr. Narain's home and that of a official in the prime minister's secretariat.

On Monday, the secretary of defense production, M.C. Sarin, and R.S. Bajaj, a secretary in the Finance Ministry who negotiated foreign aid and loans, were sent on leave. Their aides were arrested in connection with the spying scandal.

The court official who spoke to reporters said that Mr. Narain told the court he had received payments running into millions of rupees for his work. A rupee is worth about 7.9 U.S. cents.

The official quoted Mr. Narain as saying that his work helped his Bombay-based company, S.I.M. Manekia, win foreign contracts. The company manufactures and exports industrial pumps, plastic machines and compressors to the Soviet Union, East and West Germany, Poland, Czechoslovakia and Bangladesh. In the past decade, it has won several minor military contracts.

Reagan Presents New Budget

(Continued from Page 1)
inflation, rather than the 5.9 percent proposed by Mr. Reagan.

On Monday, members of the Senate Armed Services Committee told Mr. Weinberger that Congress was sure to reduce the spending growth proposed in the Pentagon's \$277.5-billion budget.

Senator after senator from both the Democratic and Republican parties made clear they believed the only questions about defense reductions were how much and where. None were heard to predict

that spending would not be trimmed.

Congress was expected to begin work on the president's budget almost immediately.

The Senate Budget Committee scheduled hearings beginning Tuesday, and Republican Senate leaders predicted floor action on the overall package as early as March.

Senate Republicans had hoped to assemble their own deficit-reduction plan before Mr. Reagan's budget was submitted. Although they missed their deadline, Mr. Dole indicated he would keep working on the plan, calling for deeper long-range cuts.

Meanwhile, the House of Representatives, under Democratic control, planned a series of hearings on the budget in several cities for later this month.

If adopted by Congress in anything approaching its current form — an unlikely prospect in view of congressional performance in the past — the budget would amount to a virtual net freeze on all government spending.

It calls for a growth over this year's \$959.1-billion budget of only 1.5 percent, representing payment of interest on the national debt alone.

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Herald Tribune

Published With The New York Times and The Washington Post

Botha's Hint of Wisdom

Armed with new constitutional powers, President P.W. Botha of South Africa now talks of some new concessions to a powerless black majority. He hints at reviewing cruel housing laws and providing some form of "consultation" with blacks inside the apartheid compartments of apartheid. But more surprisingly, he has dared mention the hitherto unmentionable — the possible release from prison of rights leader Nelson Mandela.

For 21 years, Mr. Mandela has been serving a sentence of life imprisonment for allegedly promoting violence and revolution. The African National Congress, which he led, has been outlawed as a "Soviet surrogate." What a surprise, therefore, when Lord Bethell, a British Conservative, was allowed to interview South Africa's best-known prisoner, who said during the meeting: "The armed struggle was forced upon us by the government, and if they want us to give it up, the ball is in their court. They must legalize us, treat us like a political party and negotiate with us. Until they do, we will have to live with the armed struggle."

Taking up the ball, which he may have served in the first place, Mr. Botha told his parliament he would consider releasing Mr. Mandela. Mr. Botha asserted: "All that is required of him is that he should unconditionally reject violence as a political instrument."

If so, would the government then deal with a legalized African National Congress? Might it operate under a new name? Could it and Mr. Mandela advocate peaceful change? Mr. Botha did not say, but his suggestion points the way toward a possibly significant bargain.

Legalizing the black congress would not abandon white rule, only provide blacks with an outlet for their grievances, a structure for making leaders and an instrument for petitioning. It would mark a return to the less repressive 1950s, when apartheid was abhorred. Dealing humanely and politically with dissenters at home could be a pragmatic corollary to Pretoria's new policy of treating with leftists in Mozambique, Angola and Namibia. If that is Mr. Botha's aim, he could not only improve South Africa's reputation but gain valuable time for a peaceful passage away from racism.

What truly threatens South Africa's social peace is a system that denies 21 million blacks the most basic political rights, even as 4.5 million whites prosper on their labor. The blacks are condemned as inferior in fact and law. They cannot vote. They must carry passes to travel from ghetto to work. And they cannot protest their bondage without risking jail.

If victims of the system could challenge it, their oppressors would fear change less.

—THE NEW YORK TIMES

The Talk With Mr. Castro

It is always good to hear Fidel Castro call for improved relations with the United States, as he did in an interview with The Washington Post published Monday. But considering the historical record, not to speak of Mr. Castro's fine print, the prospect does not seem so good.

The record shows that for at least 10 years Cuba and the United States have been discussing the worthy but modest items — immigration, travel, hijacking, coast guard, fishing, radio stations — on their bilateral agenda. Progress on particular items is occasionally made: Just last December the Reagan administration, abandoning its refusal to talk with Cuba, made its first agreement with Havana, on immigration. But the items that remain to be discussed are, as Mr. Castro says, less important. Long ago the two countries found they could live with ragged bilateral ties. Full agreement on all the items extant would not materially alter the basic hostility.

Mr. Castro says he sees no sign of a basic American policy change. Mercifully, there has been a change since the shameful episode in which official U.S. efforts at sabotage and assassination were undertaken. These have been exposed and repudiated. But in another sense, Mr. Castro is right. No single American regional policy has shown more consistency longer than the general American outlook on Cuba. John F. Kennedy defined it in 1963, saying no real progress was possible until Cuba changed its relationship with the Soviet Union and its support of revolution. Mr. Castro has now reaffirmed that these fundamental elements of his policy are still in place. He has

always been ready to "normalize" relations — by which he means to accept the end of the American trade embargo and other forms of American pressure. But, as he emphasized again during the Post interview, he has never been ready to improve relations at the expense of his general foreign policies or, as he says, his "moral principles."

This was not Mr. Castro's only reference to morality in the Post interview. He cited, at length, his moral values in volunteering a rejection of a charge in a Post editorial of Dec. 17, 1984, that he had cynically dumped mental patients and criminals on the United States in the 1980 Mariel boatlift. One can understand why Mr. Castro would like to erase that sequence from his and others' minds. Permit us to restate the record here:

Three Cubans, desperate to leave the island paradise, had broken through police lines into the Peruvian Embassy compound. Spitefully, Mr. Castro removed the police and challenged what he still chooses to call "anti-social elements" or "lumpens" to get out. Some 10,000 Cubans flooded the compound, to go not to the golden United States but to poor Peru. An embarrassed Mr. Castro, hunting for a way to identify the departures with Cuba's traditional foe, opened the port of Mariel for a boatlift to Miami. Among the 125,000 who left were inserted thousands of criminals and mental patients, their status cynically established by their own and their boat mates' testimony. It was cynical of Mr. Castro to dump them then, and it is cynical of him to deny it now.

—THE WASHINGTON POST

Other Opinion

Turkey Is Winning the War

One man's war is another man's profit, and Turkey has been doing very nicely out of the conflict between its neighbors Iran and Iraq. With the signing on Jan. 22 of an agreement between Turkey and Iran to look into building pipelines for Iranian oil and gas through Turkey, the Turks are on their way to fulfilling a long-held ambition. This agreement should help them sort out their Kurdish problem.

Turkey has picked up a lot of trade as a result of the war. The Turkish goods now being bought by the warring states have helped to revive the flagging Turkish economy. Turkey now sells more goods to Iran than to any other country: Iranian orders for Turkish goods, which stood at \$85 million in 1980, rose to \$1.1 billion in 1983. Meanwhile, Iraqi imports of Turkish products have nearly tripled.

Iran's stranglehold on the Gulf at the Strait of Hormuz has forced Iraq to export its oil overland. But since Iran's ally Syria closed one Iraqi pipeline, Iraq has had to rely on the one passing through Turkey. Iran is now in a similar position: In the past eight months, Iraqi attacks on tankers have made it increasingly difficult for Iran to get its oil out from Kharg Island. This, together presumably with the assumption that the war will run and run, has pushed Iran into an accord with Turkey.

Iranians and Turks will meet this month to talk about plans for two pipelines, one for oil and one for gas, running through Kurdistan either to the Mediterranean or to the Black Sea. Turkey will thus get preferential access to

Iran, as well as Iraqi oil and gas, and the money from the transit dues.

The result, if the project comes off, could be Iraqi and Iranian pipelines running side by side through the Turkish countryside. Turkey will thus get preferential access to Iranian, as well as Iraqi, oil and gas, and the money from the transit dues. The Turks also hope the deal will persuade Iran into cooperating with them against Kurdish separatist guerrillas.

—THE ECONOMIST (London).

Yalta's 40th Anniversary

For tens of millions in central and eastern Europe, Yalta is the enduring symbol of their betrayal by the West into Soviet bondage. Yalta means the root of all their present political evils. Yalta means the Fall. Increasingly, people in the West share this view of Yalta as the root cause of Europe's present woes.

It is not the mere fact of treating with the Russians which is dangerous: It is the illusions which have repeatedly arisen from such treating — from Yalta to Helsinki. In Western democracies, these illusions are of two kinds: the illusions of political leaders themselves, and those of the public which elects those leaders. In his memoirs, Churchill quotes an embarrassing endorsement he gave to Soviet leaders ("their word is their bond"). And the British politician comments: "I felt bound to proclaim my confidence in Soviet good faith in the hope of procuring it." The Helsinki process may yet be part of overcoming Yalta.

—THE TIMES (London).

FROM OUR FEB. 5 PAGES, 75 AND 50 YEARS AGO

1910: Fire Destroys Army Medicines
NEW YORK — Three-quarters of the entire medical supplies of the United States Army were destroyed by a fire [on Feb. 4] which destroyed a seven-story building in West Street, New York. It is not known how the conflagration originated. A few moments after the outbreak a series of violent explosions shook the neighborhood like an earthquake. Major Edwin P. Wolfe was in command of the depot, and with thirty subalterns, had a narrow escape. All egress was cut off by the flames, but finally fire escapes were run up to the fourth story and the officers slid down safely. Their clothes were badly singed. In the cellars of the building were 10,000 gallons of petrol, benzoline and alcohol, which was flooded just in time to prevent a grave disaster.

1935: World Air Force Is Foreseen
GENEVA — The League of Nations seen in the London agreement the first arrangement for automatic sanctions against an aggressor, and the embryo of an international air force. The agreement between Paris and London to join in immediate reprisal, if either is attacked from the air, is considered to show the way for general action against any state which violates peace. Germany's acceptance or rejection of the proposal will not affect the Anglo-French agreement to guarantee their own security. Indeed, League officials do not expect Germany's return to Geneva and, except for the air accord, the London provisions are considered to have little more than tactical significance. [But] automatic air reprisals, it is felt, may yet solve the weakness of the League Covenant.

U.S. Declaration of Independence on Third World

By William Safire

WASHINGTON — A strong, new American policy has been evolving toward the "Third World." The new way was found with LOST, the most apt acronym of the postwar era — the Law of the Sea Treaty, a grab for the natural resources of the next century by the politicians representing the most backward and totalitarian nations.

The Reagan administration refused to sign LOST because it did not want the United States to become a party to the socialization of the sea, setting up an unaccountable and self-perpetuating world bureaucracy dedicated to regulating and taxing free enterprise.

The decision to turn back from the brink of LOST infuriated the devotees of world government. Denunciations of our "lawlessness" came from the back seats of limousines with diplomatic license plates everywhere, and liberal establishmentarians here extolled the decision to put our national self-interest and principles of a free economy ahead of "world opinion."

True, the United States was "isolated," but gained the quiet respect of allies who recognized belatedly that the Most Backward Nations — often manipulated by the Soviet bloc and the Arab bloc — had taken control of the United Nations. With the trap of LOST averted, President Reagan focused on the dirty little secret of the United Nations: the high living and rampant corruption in UNESCO, where Director-General Amadou Mahtar M'Bow of Senegal blew hundreds of millions on "administrative ex-

penses" in Paris, with the U.S. taxpayers carrying most of the burden. When we withdrew from the financing of that playpen for Third World diplomats and their inamoratas, Mr. M'Bow hired a Washington publicity firm for \$15,000 a month to whip up the usual establishment support for subsidizing international organizations. The whitewash failed: the UN Educational, Scientific and Cultural Organization is so blatantly anti-free-market, anti-United States and anti-Israel that not even the most liberal knees will jerk. Britain and Singapore have followed the U.S. lead out of this organization.

Mr. M'Bow, with some money from Libya, vows to sue America for 1985 support in the World Court. That brings us to the third decision of Mr. Reagan in defiance of the elite that presumed to call itself "world opinion." The World Court has become a UNESCO of the law. The court's judges — mainly from Third World and Soviet bloc countries — are subject to pressures from back home.

Not surprisingly, the Third World and Soviet-bloc politicians at the Hague have reached beyond all precedent to take up the cause of the Communist regime in Nicaragua against the United States. The charges suit the propaganda of both the Soviet Union and Nicaragua. The Reagan response to a power-grabbing World Court is the same as his response to a money-grab-

bing UNESCO and a resource-grabbing world bureaucracy at LOST: America will not submit.

The essential reason we will not submit our national security decisions to a foreign court, or continue to finance personal and political corruption at UNESCO, or turn over the freedom and resources of the sea to the world boondogglers, is this: Our national interest in freedom, justice and democracy is far greater than our concern for an increasingly strident, intolerant and often corrupt elite that claims to represent "world opinion."

That is why the taunt of Nicaragua's defenders in the United States — that our refusal to submit to the Hague court's certain judgment is an admission of guilt — has so little sting. The place for the United States to debate the morality of its methods of hemispheric defense is in the U.S. Congress, not in some Third Worldist star chamber.

In our Declaration of Independence, "a decent Respect to the Opinions of Mankind" compelled us to give our reasons for separation. The word "decent" in that time and context meant "fitting," but as Third World dictators took over international bodies, such respect ceased to be fitting.

Our new independence from backward-nation majorities will not isolate us from sensible allies. Our respect for world opinion should be measured by the Third World's respect for democracy and freedom, and for the superpower that makes those values possible.

The New York Times



Whatever happened to that big melting pot?

A Look at the Wrongs of America's Political Right

By William Pfaff

PARIS — The opinion that the United States is an exception to the rule of history, an impartial and uniquely disinterested force in world affairs, has been an important factor in the transatlantic relationship. This was so at the time of World War I and the Versailles Treaty, and again during the 1940s and 1950s.

It had, however, to fade. Americans may have their share of idealism, but they have interests too. They sometimes find the two difficult to distinguish and certainly make mistakes. Vietnam, and the presidencies of Richard Nixon and Jimmy Carter, produced a different European view of America. This marked an important change in the Atlantic alliance and in a measure, a destabilizing one.

Now Europeans hear from Washington a new expression of American exceptionalism. The people in and around the Reagan administration maintain that they have seen the future, that it works (the most rapid U.S. growth in gross national product for 33 years), and that it will work for every other country, too, from Finland through to Bangladesh.

These Americans have a message to preach, that of free-market, supply-side, economics, and the reduction of central government power. Individual and group initiatives are to take over from central government, so far as this can be done. The difficulties to be expected in adapting the American new right's political program to societies organized in a different way than federal America, with different historical expectations of government, does not cause these Americans much pause. They are not really interested in foreign complications, and in any case easily find acolytes abroad for whom citing the American message is a useful weapon in their own political battles. This is the case in France, where the Ameri-

can new right's program has enthusiastically been adopted by the ex-Gaullist RPR, or Rassemblement pour la République, party of the mayor of Paris, Jacques Chirac, formerly a zealous practitioner of central government intervention in the 300-year-old French tradition.

The American advocates of the new conservatism see themselves

about its own history nor very intelligent. A useful classification of the right as it exists in contemporary Europe identifies, first, the business-minded right, favoring the free market, traditional in social and political outlook. Next is the nationalist and authoritarian right ("Bonapartist" in France). Lastly, there is an intellectual and "realist" right, which includes major thinkers like Alexis de Tocqueville in France, Edmund Burke in England, the late Raymond Aron in France. An equivalent tradition does not exist on the American right.

That tradition exists nonetheless in the United States. Walter Lippmann, Hannah Arendt, Hans Morgenthau, Reinhold Niebuhr and George Kennan have been among its representatives in recent U.S. university life and journalism. But the American right regards such people as dangerous leftists, chiefly because they are, or have been, opposed to the aggressive nationalism and the Manichean world view of the right.

The result has been the decapitation of American conservatism. The American right, as it is today, combines business and boardroom economics with jingoism and a credulous anti-Communism. Intellectually it is, and has always been, second-rate.

This makes life difficult for those who want to find deep and universal significance in the message promulgated these days from Washington. The people in Washington claim to have invented the bicycle. The foreign observer remarks that it looks strikingly familiar; he is sure that he has seen such a vehicle before. The Washingtonian says, "I have found the way to solve the world crisis." The observer, to borrow a phrase from Gertrude Stein, examines the solution, and is troubled to find that there is no there there.

What can we do to signal our mutual intentions? For our part, we should offer the Soviet Union something that it wants, but it should not be anything that threatens our security. Allowing the Soviet Union "most-favored-nation" status in trade would be such a signal.

Since only the president can authorize a waiver for the resumption of such status if the Soviet Union emigrates, that will also require action on the part of the Soviet Union. Since emigration, primarily of Jews but also of Germans and Armenians, has been cut from more than 50,000 a year in 1979 to under 1,000 in 1984, that will not be easy but is possible.

Strict interpretation in the 1970s of the Jackson-Vanik amendment restricting most-favored-nation status was in part responsible for the emigration that the Soviets did allow. Despite all their protestations, the Soviets do at times respond to pressure. They did then, and they did again out of fear of the "Star Wars" missile defense proposal when they agreed to return to Geneva.

But just as the stick has its use, so does the carrot. The Russians thought that we had agreed to extend most-favored-nation status to them in 1972, and felt betrayed when they did not get it. In retaliation they all but eliminated emigration.

This is a unique opportunity, but given our mutual distrust, it will not be easy to break the logjam. Each side will have to make some gestures. The Soviets could release Ilya Nudel, one of the more celebrated refuseniks, but Jewish groups here will have to signal their willingness to be more flexible about such issues as most-favored-nation status.

Assuming that the Soviet Union continues to increase the number of emigrants and show a more humane policy, the president should be urged to consider issuing an annual waiver to the Jackson-Vanik Amendment.

There is much more involved here than the narrow interests of one religious group. Such a move could contribute to a meaningful improvement in U.S.-Soviet relations.

The writer is professor of economics at Wellesley College, and associate director of the Russian Research Center at Harvard. He contributed this comment to The Los Angeles Times.

Disarray in the Ranks of France's Communists

By Flora Lewis

PARIS — The French Communist Party, about to hold its 25th congress this week, has fallen into unprecedented decay and disarray. This is important, not only for the future of French politics but for Western Europe as a whole. And it is revealing of Soviet attitudes.

There has been an acceleration of unusually public squabbling inside the party in the last eight months, since its very poor showing of some 11 percent in last June's European elections. The Communists have lost over half their traditional vote of 22 to 25 percent in the last few years and, according to insiders, about half their membership.

That is the real issue before the congress, though it will be argued out in terms of the leadership's domestic and foreign policy. Critics have attacked the 1981 decision to enter a coalition government with the Socialists. Others have attacked the decision by the party to quit the government last year.

There have been complaints about the high-handed, authoritarian way First Secretary Georges Marchais and his cohorts run the party, and demands for more democracy within it. There is tangible opposition to the automatic, full-throated support given to the Rus-

sians after a brief flirtation with a more independent line.

In short, the Communists know they have lost ground and cannot agree on what to do about it. The French party, once the most important and influential outside the Soviet Union, has remained one of the most Stalinist, rigid and dogmatic.

The would-be reformers are likely to be rebuffed again, hardly a spectacle to attract fresh support among the young. Also, it may be too late for such reform to make a significant difference.

French society has changed and economic trends will change it more. There is still a sharp sense of class, but there is no longer the old sense of class barriers to moving up the social ladder. Health care, welfare, a national pension system have removed many of the grievances that moved people to support the communist vote to overturn society.

The old heavy industries, whose workers formed the base of communist strength, are ailing and shrinking. Their jobs are disappearing. Communists, and unions in general, are weak in the new industries, where the labor force is dispersed and higher skills are required.

Middle-class intellectuals, whose sense of guilt at not being from workers' families and whose yearning for revolutionary adventure drove them to the Communists, have abandoned the party now. The party can no longer boast the glittering names from the world of the arts, literature and scholarship who recruited the ambitious young people of a generation ago.

Until the 1970s, there was an intellectual tyranny in France that made it almost impossible to get ahead in these fields without Communist patronage. Without real censorship, media control, or travel restrictions as in the East, the Communists managed to blinker their following and get them to reject the evidence of their eyes and ears. Now much more is known, and believed, about what really goes on in the Soviet Union and what was going on when French Stalinists pronounced it the workers' paradise.

About 15 years ago, when the French Socialist Party was collapsing and the Communists were winning nearly a quarter of the national vote, some party members urged modernization and some distance from Moscow's line, as Italian

Communists were undertaking.

President François Mitterrand's gamble when he allied his Socialists with the Communists was that he could reverse the balance of forces on the left. He won, but he has told ex-Communists that he would not be president today if they had succeeded with their reforms.

As a result, while the Italian Communists now win a third of the national vote, Moscow's influence beyond the borders of its force in Europe has never been lower. There is a question why the Russians encouraged, even demanded, that the French Communists stick to the old, losing line. The answer seems to be that they feared successful reform, the emergence of a more independent "Eurocommunism," even more than they minded decline of the old faithful parties.

Eurocommunism might have exerted some influence inside the Soviet Union. For the same fear, Moscow could not tolerate Polish and Czech attempts at reform lest they set an example for Russians.

As happened so often, this is a case where Soviet mistakes strengthened the democratic West. Moscow's loss is an important European gain.

The New York Times

LETTERS TO THE EDITOR

Arms Control Talks

In making "The Case Against Belief in Arms Control" (Jan. 25), Norman Podhoretz distorts the facts. If, as he writes, the democracies had unilaterally cut back on defense after the SALT agreements, why is it that the overall number of nuclear arms has not diminished, as he correctly states? Would he have us believe that all these new weapons are on the other side?

The truth is that no NATO member state has slashed its military budget and the U.S. doubled defense spending between 1976 (\$90 billion) and 1982 (\$185 billion). Even allow-

ing for inflation, that can hardly be called a cutback. What is more irrational, the hope millions of people put in arms control negotiations or Mr. Podhoretz's own phobia of "the enemy"? Isn't it the latter that helps prevent the reasonable quid-pro-quo policy now necessary?

HERBERT H. GRAF, Bonn.

Time of Trial

Regarding the report "Sharon Loses Last Case as Jurors Find No Malice" (Jan. 25) by John Doyle:

Sidetracked by the question of whether Time magazine acted with

"actual malice" when it reported on Ariel Sharon, the former Israeli defense minister, we have not focused on the question the case raises about the standards of our journalists.

The fact remains that an American court has determined that Time was careless, even negligent in its erroneous, defamatory reports on Mr. Sharon. I am disappointed that though you have been able to report that Time has dismissed their reporter David Halevy with a severance payment and asked Mr. Sharon to bill them for all his expenses.

That Time has not done so suggests to me that Time might possibly be careless again.

FRANCIS EDMONDS, Wiesbaden, West Germany.

Jail the Siren Chasers

Instead of arresting the chairman of Union Carbide, Warren M. Anderson, when he arrived in India, the government there should have put in jail all arriving lawyers and freed them only after they had posted considerable bail. That money could be used to compensate victims.

TED HARDEN, Weggis, Switzerland.

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Tutu Offers to Act as Mediator Between Pretoria and Rebels

By Allister Sparks
Washington Post Service

JOHANNESBURG — Bishop Desmond M. Tutu, sounding a theme of racial reconciliation and reiterating his commitment to peaceful change, has offered to act as a mediator between South Africa's white-minority government and the country's main black underground movement, the African National Congress.

Speaking at his installation Sunday as the first black Anglican bishop of Johannesburg, Bishop Tutu also said that he favored increased foreign investment in South Africa under stringent conditions. He added, however, that if the country's apartheid system of racial segregation is not being "actively dismantled" within 18 months to two years he will join the call for divestment.

Some of South Africa's leading white businessmen were in the racially mixed congregation of 1,500 that packed the cathedral of St. Mary the Virgin in central Johannesburg for the candlelight, three-and-a-half-hour ceremony, blend-

ing old English pagantry and African hymns. The service presented Bishop Tutu, who was awarded the Nobel Peace Prize last year, with the most important white audience he has addressed in his country.

He said he was as concerned for his white parishioners as for his black ones and that as pastor to both he wants to play the role of conciliator.

"I love you all deeply — give me a chance to show you that I do," Bishop Tutu told the white church members, some of whom had tried to block his appointment as their bishop. Bishop Tutu formerly was the secretary-general of the South African Council of Churches.

Bishop Tutu said he would work for more multiracialism in the parishes of his 100,000-strong diocese, his church's largest. He said he would encourage white clergymen to learn African languages and station some in the black ghettos to dispel "erroneous notions" about whites.

Some of Bishop Tutu's white supporters, disproportionately rep-

resented in the congregation, were visibly delighted. Other whites listened impassively.

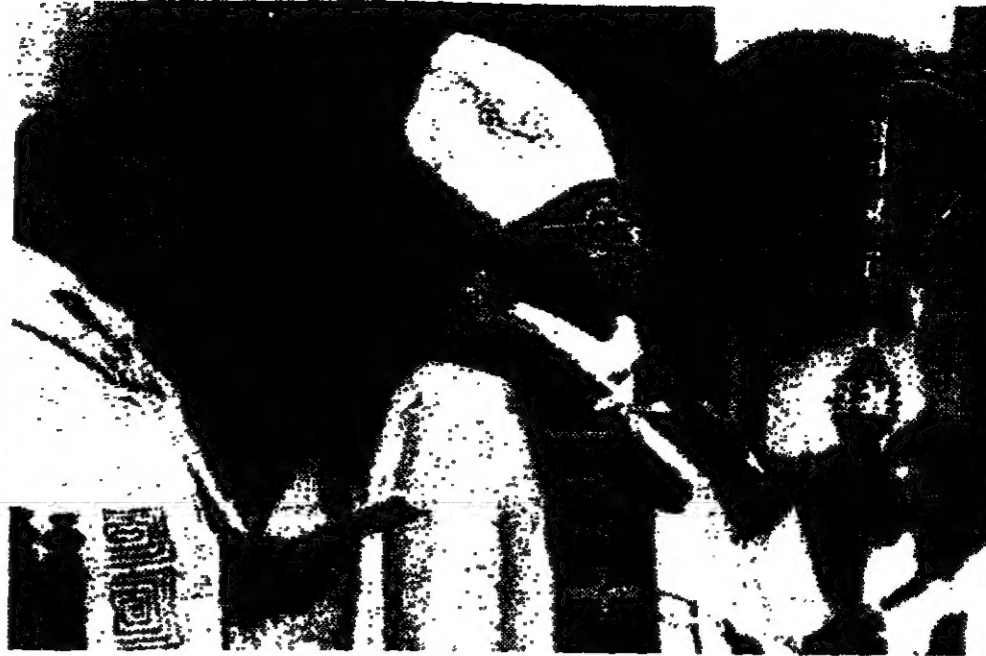
Bishop Tutu's offer to mediate between the government and the African National Congress came as the first indirect contacts are being made between them since the congress was outlawed 25 years ago.

Several secret meetings between influential government supporters and exiled members of the congress have been held in Lusaka, Zambia, in the past two months, and more meetings are scheduled soon.

Although no common ground appears to have been established at these meetings, and President Pieter W. Botha has forbidden any state officials or members of Parliament of his ruling National Party to attend further meetings, the contacts have led to speculation that an agreement may be in the making. Few informed observers expect this, but Bishop Tutu, who has close contacts with the exiled leaders, made it clear Sunday that he welcomes the contacts.

"Let us talk together, black and white," Bishop Tutu said. "Thanks be to God that the government may be doing so with the ANC. I offered myself long ago as a go-between. I renew that offer."

■ **Youth, Policeman Killed**
A youth and a policeman were killed and two other persons were



Desmond M. Tutu, right, was installed as the first black Anglican bishop of Johannesburg.

injured during a weekend of unrest in a black township, a police spokesman said Monday. Reuters reported from Johannesburg.

The youth was killed Sunday night after police fired birdshot at demonstrators near Cradock in

eastern Cape Province, the spokesman said. The body of the policeman was found near the township. A woman and a man were injured when police opened fire to stop rioters who attacked police patrols with stones.

■ **Most Americans**
he said, "don't know the difference between Taiwan and Thailand." Those who do, he added, "have a negative image of Thailand from the '60s — the Vietnam War and refugees — and don't want to think about those times."

Mr. Sern, who works in a Bangkok advertising agency, says the name Siam had a much higher recognition factor, "especially among the older Americans who remember The King and I."

The name-change lobby is not alone in worrying about the country's image. The Thai Foreign Ministry has just devised an image-improvement campaign to be waged by embassies abroad. Too many foreigners, the ministry says, link the country with piracy, child labor, exported prostitution and a domestic sex industry that leaves nothing to the imagination.

"We want people to see we are an old country with a long history," said Sawanit Kongsiri, a Foreign Ministry spokesman.

Siam was 700 years old when it became Thailand — temporarily in 1939 and permanently in 1949. It

New Image for Thailand Is 'Siam Lobby's' Goal

By Barbara Crosscut
New York Times Service

BANGKOK — Nearly half a century ago, long before there was a Bourne, a Bond, a Brontë, a Zim-babwe or a Zaire, the ancient Kingdom of Siam changed its name to Thailand.

A determined lobby wants the old name back.

"This word 'land' is English and totally inappropriate; we don't need that farang stuff here," Sern Pienjai said, using the Thai epithet for all things Western.

Mr. Sern, 28, whose father is Thai and mother American, recently injected new life into the Siam lobby with a letter to the Bangkok Post, an English-language newspaper. The letter, which opened a round of correspondence on the subject, was provoked, Mr. Sern said, by his experiences as a student in the United States.

"Most Americans," he said, "don't know the difference between Taiwan and Thailand." Those who do, he added, "have a negative image of Thailand from the '60s — the Vietnam War and refugees — and don't want to think about those times."

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■ **Present constitutional monarch**
King Bhumibol Adulyadej, "is still Siam," Mr. Sern said. "Siam is the name still used in royal proclamations. So we have this problem: The king reigns over a Siam that doesn't exist any more."

Further, he added, Bangkok, which Thais call Krung Thep, is living in an "astrological discrepancy" because its founding horoscope was related to that of a country called Siam.

And that, Mr. Sern says, goes a long way to explain the city's problems.

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Terrorism, Missiles Give Urgency to French Official's U.S. Visit

By Jim Hoagland
Washington Post Service

WASHINGTON — The Reagan administration will roll out a diplomatic red carpet for France's new minister for external relations, Roland Dumas, this week after giving a somewhat chilly reception to his predecessor, Claude Cheysson, in November.

Meetings for Mr. Dumas have been set up with President Ronald Reagan, Vice President George Bush and the national security adviser, Robert C. McFarlane, as well as with Secretary of State George P. Shultz and Secretary of Defense Casper W. Weinberger. But officials said that more was involved than diplomatic courtesy.

The meetings come at a time when a new form of cross-border terrorism in Europe, uncertainty about the schedule of cruise missile deployments in Belgium and the Netherlands and lingering differences between Washington and Paris over Libya and space-based missile defenses have created new concerns in Washington about U.S. influence in Western Europe.

Administration officials are also aware that they will be dealing with a longtime confidant of President

François Mitterrand, whose Socialist Party came to power in France in 1981. In their nearly four decades of friendship, Mr. Mitterrand has frequently confided his most delicate secret missions to Mr. Dumas.

"I have come to know him well enough to be able to grasp the nuance of what he says," Mr. Dumas said of the aloof and private Mr. Mitterrand, "to understand his moods or even his silences, which can be more difficult to understand but just as important."

In Mr. Dumas, U.S. officials will be meeting the former lawyer not only of Mr. Mitterrand but also of Pablo Picasso, Marc Chagall, the Paris Opera, the Palestinian guerrilla Abu Daoud, and a number of other notables from the literary, artistic and political circles that Mr. Dumas frequents in France.

The 62-year-old jurist made his reputation by taking difficult cases and either winning in court or brokering satisfactory agreements out of court by isolating the essential problems in a case and persuading the parties to overcome them.

His soft-spoken, silky manner of persuading an opponent by argument rather than seeking con-



Roland Dumas

frontation stands in sharp contrast to the assertive and assertive brilliance of Mr. Cheysson, whom Mr. Dumas succeeded in December.

Mr. Dumas indicated Sunday that U.S.-French tensions over Chad, which clouded Mr. Cheysson's last visit to Washington, have decreased as it has become clear that France is persisting in its ef-

forts to pressure the Libyan leader, Colonel Moammar Qadhafi, into withdrawing his troops from Chad.

"We have not accepted in any way the partition of Chad or the occupation of Chad by the Libyans," Mr. Dumas said. "We have made it clear that France will fulfill its obligations in Africa, where we work to maintain a balance of forces and the stability of African states."

His appointment has stirred more than normal controversy in France, and Mr. Dumas has had to work hard in his first month in office to dispel misgivings about his past. He repeatedly emphasized Sunday that he had not been taken in by Colonel Qadhafi over Chad when Mr. Mitterrand sent him to see the Libyan leader last summer.

"I was sent to give him the unpleasant news that he had to leave Chad," Mr. Dumas said. "I don't think Qadhafi considers me as one of his friends."

His visit to Colonel Qadhafi and his willingness to defend a Palestinian guerrilla chief arrested in France in 1977 have also led to his being accused of being too friendly with Arab radicals. Mr. Dumas has brushed off these characteriza-

tions, recalling that one of the charges brought against his father, who was executed by the Gestapo in 1944 for resistance activities, had been that he sheltered Jews.

In naming Claude Arnaud, as his chief of staff at the Foreign Ministry, Mr. Dumas is seen in Paris as underlining that he will not be soft on the Soviet Union. Mr. Arnaud is a former French ambassador to Moscow known for his hawkish views.

U.S. officials are likely to be exposed to Mr. Dumas's ability to cloak the sharpest of disagreements in elegant and agreeable formulations when their discussions come to European apprehensions over Mr. Reagan's Strategic Defense Initiative.

Recent public statements by Mr. Mitterrand and other officials of the Elysée presidential palace make it clear that French resistance to the concept of mounting anti-missile defenses in space is stiffening as research accelerates and as Mr. Reagan continues to emphasize that the defensive system is intended to replace the offensive systems that have been the center of mutual deterrence.

France, Mr. Dumas said, is merely "expressing a legitimate curiosity" about the implications of

Mr. Reagan's proposals, which "have touched off both technological and political debates."

"The United States is beginning a change in its philosophy of security by substituting a defensive strategy for an offensive strategy," he said. "It is a seductive philosophy, it can please public opinion. But we need to talk more about this idea of a protective curtain that involves the disappearance of the offensive system."

Mr. Dumas denounced a wave of coordinated terrorist attacks against an official in France's arms sales and an executive in West German arms production and against North Atlantic Treaty Organization installations in Europe. He suggested that France might now be more willing to consider joint counterterrorist actions than it has in the past.

"We are faced with a new form of terrorism, which seems to be directed specifically against the countries of the Atlantic alliance," he said. "Until now this sort of terrorism seemed to be present primarily in West Germany, but now it is spreading here and there. There seem to be common sources of supply for different terrorist groups, an underground trade in terrorism that targets us all."

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Ortega Sees U.S. Hardening on Nicaragua

Halting of Talks, Honduran Maneuvers May Presage Invasion, Sandinist Asserts

By John Danton
New York Times Service

MANAGUA — President Daniel Ortega Saavedra has accused the Reagan administration of turning its back on a political settlement in Nicaragua and of considering "a military solution" to overthrow his leftist government.

In an interview on Sunday, Mr. Ortega said the expanding United States-Honduran military maneuvers just across the border and the administration's halting of talks with Nicaragua in Mexico were signs of what he called a toughening line in Washington.

He also noted the U.S. withdrawal from a case before the International Court of Justice at The Hague, which was hearing a Nicaraguan complaint of aggression.

"All of these point to the fact that the administration has not decided in favor of a political solution and has not discarded a military solution," Mr. Ortega said. He said the Sandinist government was "still obliged to think that the danger of an invasion is present" and would keep up its guard.

Mr. Ortega has raised similar alarms about a U.S. invasion in times of tension in the past, including during elections in Nicaragua late last year and when Washington charged, incorrectly, in early November that the Soviet Union may have shipped MiG fighter planes to Nicaragua. Once, he even gave a date that an invasion would occur — Oct. 15.

In that context, his charges on



Daniel Ortega Saavedra

Sunday seemed not so much an expression of genuine fear of invasion, but an indication that, after a period of some dialogue between the two countries, relations were becoming hostile again.

In particular, Mr. Ortega, the 39-year-old newly elected president, indicated concern over a campaign by the Reagan administration to persuade Congress to resume aid to anti-Sandinist guerrillas based in Honduras.

Last year, Congress cut off covert funding for the guerrilla force, equipped and trained by the Central Intelligence Agency. Congress has included \$14 million for the rebels this year, but attached a con-

dition that it cannot be spent unless legislators give a second vote of approval sometime after this month.

The "contras," as the Sandinists call the guerrillas, have been making deeper forays into the central mountainous region of Nicaragua. They are doing so despite what Western diplomatic observers in Managua and in Honduras say are apparent problems in maintaining supply routes and in standing up to more aggressive tactics by the Nicaraguan Army.

Most reliable estimates of the rebels put their forces at 10,000 to 15,000. Perhaps half are inside the country at any one time.

Mr. Ortega said that a resumption of U.S. aid to the insurgents would be "extremely grave for the future of negotiations in Central America."

"That would bring us closer and closer to direct acts of aggression by the U.S. against Nicaragua," he asserted. "And then the U.S. administration would feel that it has bipartisan support for its more aggressive policies here."

Mr. Ortega blamed Washington for ending the talks between the two countries. He said the United States was not genuinely supportive of a parallel, regional negotiating effort, the Contadora peace process undertaken by Mexico, Panama, Venezuela and Colombia.

By ending the bilateral talks, Mr. Ortega asserted, the United States was pretending it was only an arbi-

trator to Central American conflicts, not an active participant.

The Nicaraguan president said that some in his government felt that the coming arms-control talks in Geneva, between the United States and the Soviet Union might mean a special time of danger for Nicaragua.

"The fact that the arms talks are occurring could bring some people in the Reagan administration to think that this is an opportune moment to act against Nicaragua," he said. "Our problem is that Nicaragua is not part of any military pact. The Soviet Union has no obligation to defend Nicaragua as it does to its allies in Europe."

Other members of the Sandinist government express the same fears. Some seem to concentrate their theories on how U.S. policy is determined on the actions and perceived intentions of the most conservative elements of the Republican Party.

On another matter, Mr. Ortega said he was bothered by recent statements by a key Nicaraguan opposition leader, Arturo José Cruz. He said that Mr. Cruz, who is traveling outside Nicaragua, had come out in favor of financing the insurgents as part of a provocative tactic to be refused re-entry to the country or to court arrest upon his return.

Mr. Cruz's intent, Mr. Ortega asserted, was to force the Sandinists' hand and put them in a bad light. He said Mr. Cruz would not be barred or jailed.

Frank Oppenheimer, 73, Nuclear Physicist, Dies

NEW YORK (NYT) — Frank Oppenheimer, 73, a nuclear physicist whose leftist associations contributed to the end of the government career of his older brother, J. Robert Oppenheimer, died of cancer Sunday in his home in San Anselmo, California.

Dr. Oppenheimer served as a research associate in the radiation laboratory at the University of California from 1940 to 1947 and in the war years worked on the secret Manhattan Project, headed by his brother, which developed the atomic bomb.

He was born in New York City and received his undergraduate education at Johns Hopkins University. After studying physics at Cambridge, he earned a doctorate

in physics from the California Institute of Technology.

In 1949, he testified before the House Committee on Un-American Activities that he had been a member of the American Communist Party before World War II. That and other disclosures about the political backgrounds of J. Robert Oppenheimer's associates, led to a suspension of his security clearance in 1954.

Frank Oppenheimer was dismissed from his teaching job in Minnesota, and he began raising cattle in Colorado, where he became chairman of the local Soil Conservation District and a representative to the local Cattlemen's Association.

■ **Other Deaths:**
Rudolf Ganssinger, 75, the for-

mer director of Vienna's State Opera, Jan. 28 in Vienna.

Fernand Monther, 71, a veteran French journalist who covered D-day and co-founded Agence France-Presse, Thursday.

Lord Cameron of Balhousie, 64, a wartime sergeant pilot who became chief of the British defense staff, Tuesday in London after a long illness.

David Milon, 68, the first Israeli on the staff of the UN secretariat and a specialist in management and administration, Monday of a heart attack in Geneva.

Joseph Meyerhoff, 85, a builder who amassed a fortune estimated at \$100 million out of which he donated millions to the Baltimore Symphony Orchestra and Israel, Saturday in Baltimore.



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Accidental Perfume Mixture Turns Into 'Scent of the Century'

By Judy Klemesrud
New York Times Service

NEW YORK — The strong, sweet smell of Giorgio, "the scent of the century," as its creators like to call it, wafted through the door of a Hotel Pierre suite here the other day. Inside, Gale and Fred Hayman of Beverly Hills were waiting to talk about Giorgio, the phenomenon that has rocked the fragrance industry. They have been divorced for seven years but are still in business together.

"She wanted something that was assertive," Fred Hayman, 59, said, gesturing toward his former wife, whom he jokingly calls "the mad-am."

"I wanted something that was noticeable, but not vulgar," Mrs. Hayman, 38, added. "When you're paying \$150 an ounce, it shouldn't just disappear after an hour."

Giorgio, as anyone with a nose knows, is everywhere. Farrah Fawcett wears it, Jacqueline Bisset wears it, even Michael Jackson wears it. It has become so recognizable that doormen and cab drivers have been known to call out "Giorgio" when women wearing it walk by.

"The Beverly Hills mystique really helped," Hayman said. "I don't know of many products that emanate from Rodeo Drive, Beverly Hills. That helped give us a distinct identity."

Other reasons for Giorgio's success, he said, include the yellow and white striped packaging based on the store's famous awnings; a \$6 million advertising campaign that included both direct mail and "scratch and sniff" advertisements in 40 magazines; the Haymans' decision to run the business themselves instead of licensing it; and the fragrance's success at Bloomingdale's.

"But first and foremost is the scent," Mrs. Hayman said. "People really like it, and it lasts and lasts." It includes 200 ingredients, she said, but the four that dominate are the oils of gardenia, tuberose, rose and jasmine.

Another reason for Giorgio's success, according to Annette

Green, executive director of the Fragrance Foundation, a trade group in New York, is that it arrived at a time when people had become very aware of their senses of smell. "We learned about pollution and of things we can't see but can smell that can hurt us," she said. "It's how we became aware of odors, in a negative sense."

She said that such fragrances as Opium, Oscar, Chanel No. 5 and Lauren were also extremely popular, but that what sets Giorgio apart is its cachet. "Things in life just capture the imagination at a certain moment, like the Mustang car or a certain wine, and you never know why," she said. "It's like love, and the big question is, 'But will it last?'"

The Giorgio scent, according to Mrs. Hayman, took two and a half years to develop, years in which she smelled thousands of fragrance samples. Her only previous experience in the perfume business, she

said, was that she had been wearing fragrances since she was 6 years old, "and I truly loved them."

She said she discovered the Giorgio scent by accident one day while hobbling around her office on crutches after a skiing accident. She handed a bag to her driver, Joseph, who dropped it, she said, breaking the sample bottles inside. The resulting scent was "divine," she said. "I knew I had what I wanted."

The fragrance was launched in November, 1981, at a black-tie party for 1,200 in a huge yellow and white striped tent in a parking lot across from the Giorgio boutique. It was catered by five leading Beverly Hills restaurants, with the 100-piece Beverly Hills High School marching band providing a half-time show. The master of ceremonies was Merv Griffin, who crowned the fragrance's theme song, "You Know Who Wears It." The guests included Charles Bronson, Lorne Greene, Stephen Bur-

rows, Henry Mancini, Pamela Mason and other "taste setters," who, according to Hayman, started wearing the perfume and telling others about it.

In December the Haymans introduced a men's cologne, Giorgio for Men, which has its own woody scent. "The beginning is great," Hayman said, adding that the men's cologne already has a sales volume equal to 20 percent of that of the women's fragrance. A four-ounce crystal flask costs \$35.

Mrs. Hayman disclosed that she is working on a second fragrance, in case someone comes up with a cheaper imitation of Giorgio that diminishes the original, "or if anything else happens to make it a more common fragrance."

Hayman, who was born in Switzerland, was managing the Beverly Hilton hotel in Beverly Hills in the early 1960s when he hired Gale Miller, whom he later married, to

be a cocktail waitress in the Rendezvous Room. "I liked her legs," he said. She was a New Yorker who had studied ballet for eight years at the American School of Ballet before moving to California with her mother, an aspiring actress.

The Haymans seem to get along well, except that he has a tendency not to let his former wife finish her sentences. "That's because he's Swiss," she said with a laugh.

The two often travel, entertain and have dinner together, but stay in separate hotel rooms. Neither has remarried, but both have new romantic attachments, Mrs. Hayman said.

Speaking of their decision to stay in business together, Hayman said: "Business is business, and personal life is personal life. It is not easy, but then neither is marriage. The bottom line is that it has worked so far."

Foreigner: Behind Rock Band Hype, There Are Four Personable Guys

By Michael Zwerin
International Herald Tribune

PARIS — Transplanted U.S. type hype-rock programming is in fifth gear at 4 A.M. in the studios of Poste Parisien, FM radio on the Champs Elysees — "just 100 yards from the world-famous Arc de Triomphe, folks, the latest Foreigner news live from Paris by satellite, along with highlights from 'Agent Provocateur,' their new LP. Vive le musicien — via NBC to 200 affiliated U.S. stations ('maximum market penetration for this promotion') from Abilene to Youngstown.

Why Foreigner? It has been called a "journeyman" outfit, a "faceless supergroup," a "corporate rock" band — exactly the kind of band the punks were out to get in the late 1970s before they began to be called ditto. The previous six Foreigner albums have sold a total of 21 million copies since 1976. Now "Agent Provocateur," released six weeks ago, is No. 4 on the charts.

Why broadcast from Paris? The album's French title, for one thing; energetic hustling all around, and the 10-cent franc, which is making Paris a recording mecca. Herbie Hancock, Miles Davis, the Rolling Stones, Stevie Wonder, Nina Hagen, Eurythmics and the Thompson Twins are just some of the people who have recently been, are

now or soon will be recording in Paris. And Foreigner's musical director, Mick Jones, spent seven years playing guitar behind Johnny Hallyday.

Hold on! Stop the presses! The record company vice president announces that "I Want to Know What Love Is," the first single from the album, just hit NUMBER ONE!

Adults buy 33 rpm albums, children buy 45 rpm singles. The group has never had a No. 1 single. Musicians, technicians, executives, the media and miscellaneous insomniacs in the studio act like it's the Holy Grail. "The elusive thing," Mick Jones calls it. "And we've done it without having sacrificed our genuine musical commitment."

Foreigner is known for recycling album tracks as top-40 singles. Other tracks will soon be lifted from "Agent Provocateur" like parts from a Mercedes parked near a drive-in teller. The secret is to keep all sizes and speeds spinning as long as possible.

But why pick on them? There is nothing new about music as a product. Watching the secular machinery close up has something to do with it. Foreigner's "hammering thump-rock clichés (with) brassy top-40 hooks, revving up weepy ballads with expansive progressive gestures" (Rolling Stone magazine) may be the clichés that broke the critic's back.

Listen to the album again. The songs may be syrupy but Gramm's voice projects an attractive urgency. My 9-year-old kid likes it and he likes Ray Charles.

The next afternoon there are four personable fellows with honest smiles and eyes that look into yours, who speak like they mean what they say and seem not to be fooling themselves or anyone else.

four people who understand their talent, operate efficiently within its limits, and genuinely believe they have not sacrificed their "genuine musical commitment." Bury the hatchet.

Mick Jones: "We're very proud that we never depended on hype. We have channeled everything into music. We're not a physically recognizable entity. We can walk down the street and not be noticed. 'I Want to Know What Love Is' is our first video, for example. One thing I like about music is that it allows listeners to work out their own images. Video oversaturation can be harmful — you're laying a trip on the public and it may not be the one they want. I don't mind using the visual medium, but let's not overdo it. Anonymity is important to us. Eventually I'd like to write books. I've got ideas tucked away on little pieces of paper if I can ever find them in one or another of my apartments."

What about the circus in Poste Parisien? Lou Gramm: "You have to look out at the craziness all around you in a business like this and carve your own handle on the situation. I was wondering what I was doing there, wondering who all those people were looking at me like I was in a fish bowl. I wondered what they were thinking. You've got to concentrate on what you're doing and be aware of what's going on around you at the same time. It's tricky. I had to leave the studio to compose myself for about 15 minutes in the middle there. I get stage fright at a concert but at least then you know why the people are there — to listen to the music. It's nice to be on the charts but that's not the point. Really not. Our point of reference is always to strive to do something from which, when we listen back to



Mick Jones (left), Lou Gramm of Foreigner rock group.

it, we get shivers down our spine."

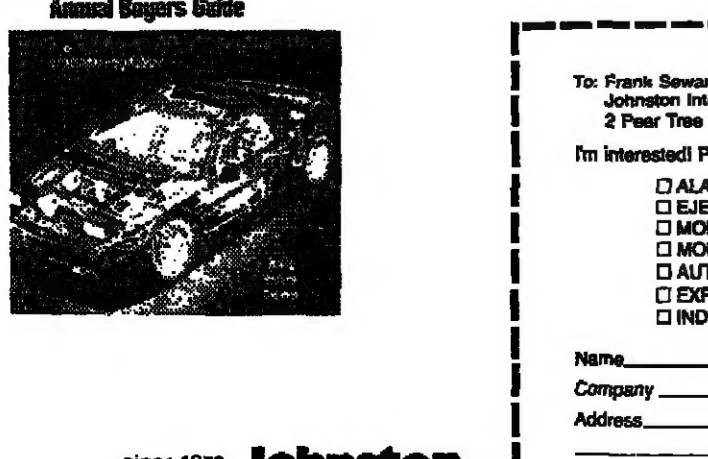
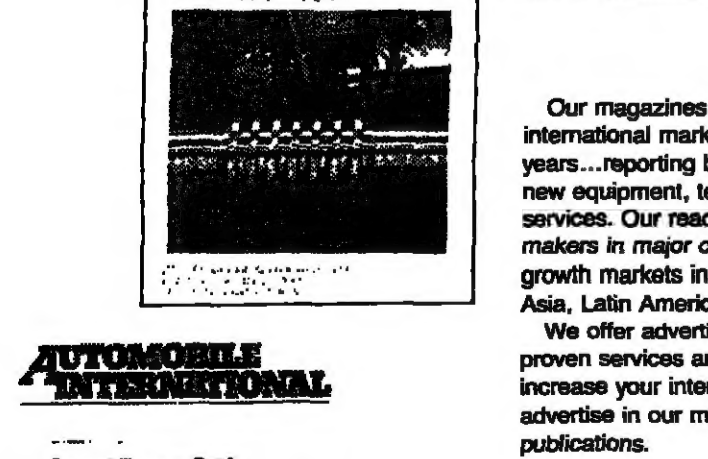
Jones (British) and Gramm (American) co-wrote the songs. Are they bothered by a "culture gap?"

The bassist, Rick Wills (the group insists on collective interviews), leans back with an infectious smile and answers for them: "Mick will come in with, like, six cassettes full of material and play them and if he doesn't see an immediate reaction from Lou, or from us, he'll sort of spin on right away, and you're stunned with what you've heard and haven't had a chance to react to it. So we have to tell him, 'Move it back there. Let's hear it again.'"

"I'll say, 'Wait wait,'" laughs Gramm. "I've heard some of our best ideas on fast-forward."

The drummer, Dennis Elliot, has been taking it all in, having nothing to say saying nothing. Wills points to him and says: "But you know the drums are really the most essential part of the music. The time is the foundation. Everything else depends on that."

"One thing that really bugs me," Gramm concludes, looking not bugged at all, "is this 'corporate rock' image we seem to have. I know how this band works, and it certainly isn't like a corporate boardroom."

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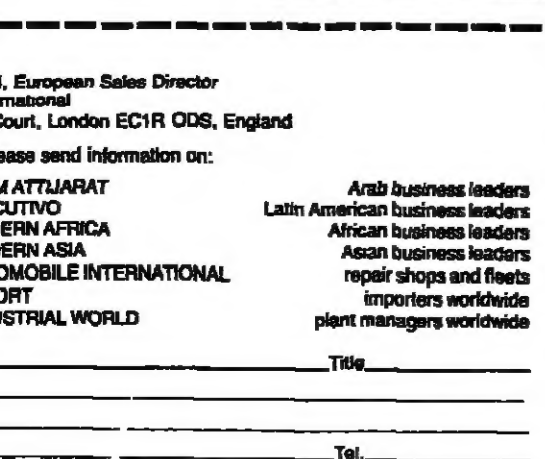
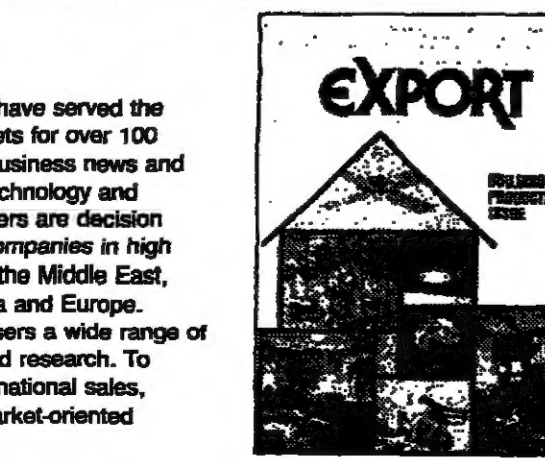
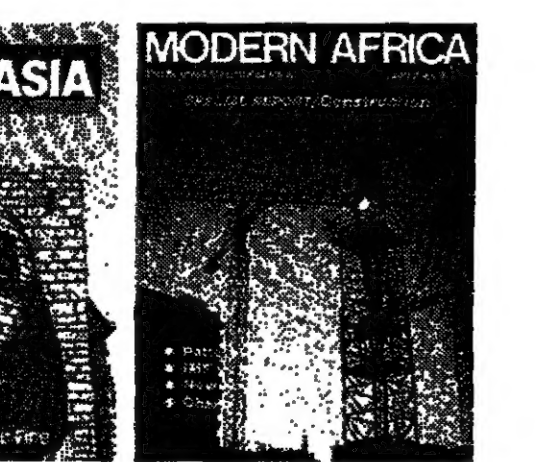
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Two 3★ Restaurants in U.K.,
But Good Tea Harder to Find

The Associated Press

PARIS — The British now have two three-star restaurants to tempt their palates. The 1985 edition of the Michelin guide for Great Britain and Ireland lists the Waterside Inn, in Bray-on-Thames, at the dining summit where it joins Gaviroche in London's Mayfair quarter.

The inn is run by two French chefs, Albert and Michel Roux. The Roux brothers also own Gaviroche, the first British restaurant to get three Michelin stars (in 1982).

Three stars means the restaurant's cuisine is exceptional, worth a special journey. The Waterside Inn, 20 miles (32 kilometers) from London, offers lobster-stuffed ravioli and filets of young rabbit with chestnuts.

■ Good 'Cuppa' Gets Scarcer
It's hard to find a good cup of tea in, of all places, Britain, says food

critic Egon Ronay, according to The Associated Press.

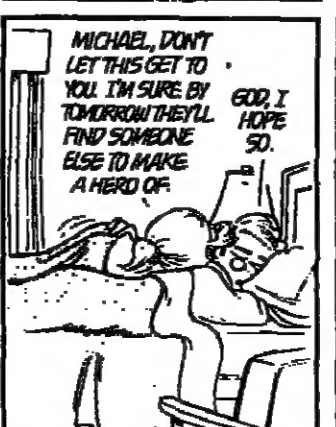
"The good old British cup of tea is a very rare commodity," Ronay says in the latest edition of his guide, "Just a Bite," published Tuesday.

The search for the elusive good "cuppa," as the British call their favorite beverage, took Ronay's inspectors to places normally outside the scope of the guide, such as London fruit, fish and meat markets, all the mainline railway stations, taxi shelters and mobile tea bars.

"Disappointing tea in most of the otherwise excellent light meal establishments seems to be the order of the day," the guide says. Taking on another British staple, Ronay also noted a decline in good fish and chip shops.

They're giving way to "the relatively new-fangled, sawdust-type hamburgers in cotton-wool buns, an imported inflection," Ronay complains.

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France	FF	1,000	500	280
Germany	D.M.	412	206	115
Great Britain	£	52	26	13
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Ireland	£ Ir.	104	52	28
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Norway	N. Kr.	1,160	580	320
Portugal	Esc.	11,200	5,600	3,080
Spain	Ptas	17,400	8,700	4,800
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Asia	\$	306	153	109

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NYSE Most Actives				
Vol.	High	Low	Last	Chg.
AT&T	192.75	192.75	192.75	+0.25
IBM	125.00	125.00	125.00	+0.12
GE	115.00	115.00	115.00	+0.10
Boeing	105.00	105.00	105.00	+0.05
Merck	100.00	100.00	100.00	+0.05
Amgen	95.00	95.00	95.00	+0.05
Novartis	90.00	90.00	90.00	+0.05
Roche	85.00	85.00	85.00	+0.05
Glaxo	80.00	80.00	80.00	+0.05
Schering	75.00	75.00	75.00	+0.05

Dow Jones Averages				
Index	Open	High	Low	Close
Indus	1275.80	1284.50	1284.50	1284.50
Trans	607.20	610.50	610.50	610.50
Comp	515.70	520.50	520.50	520.50

NYSE Index				
Index	Open	High	Low	Close
Composite	103.34	103.70	103.70	103.70
Industries	103.34	103.70	103.70	103.70
Finance	103.34	103.70	103.70	103.70

Monday's NYSE Closing				
Vol.	High	Low	Last	Chg.
Vol. of 3 P.M.	71,900,000			
Prev. 3 P.M. vol.	69,910,000			
Prev. consolidated close	128,128.20			

AMEX Diaries				
Index	Open	High	Low	Close
Advanced	103.34	103.70	103.70	103.70
Declined	103.34	103.70	103.70	103.70
Unchanged	103.34	103.70	103.70	103.70

NASDAQ Index				
Index	Open	High	Low	Close
Composite	103.34	103.70	103.70	103.70
Industries	103.34	103.70	103.70	103.70
Finance	103.34	103.70	103.70	103.70

AMEX Most Actives				
Vol.	High	Low	Last	Chg.
AM Int'l	100.00	100.00	100.00	+0.05
Domestic	95.00	95.00	95.00	+0.05
Foreign	90.00	90.00	90.00	+0.05
Options	85.00	85.00	85.00	+0.05
Warrants	80.00	80.00	80.00	+0.05

12 Month High	Low	Stock	Div.	Yld.	PE	52 Wk. High	Low	Open	Close
125.00	125.00	AT&T	1.00	4.00	15.00	125.00	125.00	125.00	125.00
120.00	120.00	IBM	0.50	3.00	15.00	120.00	120.00	120.00	120.00
115.00	115.00	GE	0.40	3.00	15.00	115.00	115.00	115.00	115.00
110.00	110.00	Boeing	0.30	3.00	15.00	110.00	110.00	110.00	110.00
105.00	105.00	Merck	0.20	3.00	15.00	105.00	105.00	105.00	105.00
100.00	100.00	Amgen	0.10	3.00	15.00	100.00	100.00	100.00	100.00
95.00	95.00	Novartis	0.05	3.00	15.00	95.00	95.00	95.00	95.00
90.00	90.00	Roche	0.05	3.00	15.00	90.00	90.00	90.00	90.00
85.00	85.00	Glaxo	0.05	3.00	15.00	85.00	85.00	85.00	85.00
80.00	80.00	Schering	0.05	3.00	15.00	80.00	80.00	80.00	80.00

Profit-Taking Pressures NYSE

United Press International
NEW YORK — Prices on the New York Stock Exchange moved higher in active trading late Monday despite pressures of profit-taking following a sharp rise in January.
 The Dow Jones industrial average was up 8.17 to 1,285.89 about an hour before the closing. Advances led declines by a 5-3 ratio. The five-hour volume was 91.9 million shares, compared with 89.9 million in the corresponding period Friday.
 Marvin Katz of Sanford C. Bernstein Co. said the market appeared ready to move higher on any good news or lack of bad news. He said the advance was stimulated by several buying programs from institutional investors.
 He said the "backing and filling" after January gains would be healthy. Mr. Katz predicted that the stock market would resume its advance and head toward a Dow average of 1,350 over a period of several weeks.
 Trade Lesner of Evans & Co. said selling dried up when the Dow dipped to the 1,270 level in early trading. She said the stock market was in an upward cycle with enough momentum to ignore questions about the direction of interest rates.
 President Ronald Reagan's budget proposals did not appear to be having much of an effect except to help defense issues, she said.
 The proposed budget for fiscal 1986 totals

\$973.7 billion. Decades-old farm support programs would be drastically curtailed. The pay of federal workers would be cut 5 percent and direct lending by the Small Business Administration would be eliminated.
 The fiscal 1986 deficit is \$180 billion in the budget projections, though the economy is charted for steady improvement with less unemployment.
 The stock market's uneven performance in the last half of 1984 was blamed on worries about budget deficits and the upward pressure on interest rates created by government borrowing.
 The Treasury Department has a \$19-billion quarterly refunding operation scheduled this week and signs that the Federal Reserve may be tightening credit.
 The Dow set a record high of 1,292.62 last Tuesday.
 "Any market that's moved as rapidly and strongly as this one has to be subject to profit-taking," said an investment adviser, David Pohlen. He said the rise resulted from a realization that "the economy is in good shape, interest rates seem to be staying down and inflation is down."
 AT&T was near the top of the active list and up a fraction at midday. Actively traded IC industries was higher following favorable mention in a newspaper article. Citicorp was higher at midday on heavy volume.
 General Motors, which reported fourth-quarter earnings of \$2.71 a share vs. \$4.11 in the 1983 fourth quarter, was up a fraction at midday. Ford and Chrysler also moved higher.

12 Month High	Low	Stock	Div.	Yld.	PE	52 Wk. High	Low	Open	Close
125.00	125.00	AT&T	1.00	4.00	15.00	125.00	125.00	125.00	125.00
120.00	120.00	IBM	0.50	3.00	15.00	120.00	120.00	120.00	120.00
115.00	115.00	GE	0.40	3.00	15.00	115.00	115.00	115.00	115.00
110.00	110.00	Boeing	0.30	3.00	15.00	110.00	110.00	110.00	110.00
105.00	105.00	Merck	0.20	3.00	15.00	105.00	105.00	105.00	105.00
100.00	100.00	Amgen	0.10	3.00	15.00	100.00	100.00	100.00	100.00
95.00	95.00	Novartis	0.05	3.00	15.00	95.00	95.00	95.00	95.00
90.00	90.00	Roche	0.05	3.00	15.00	90.00	90.00	90.00	90.00
85.00	85.00	Glaxo	0.05	3.00	15.00	85.00	85.00	85.00	85.00
80.00	80.00	Schering	0.05	3.00	15.00	80.00	80.00	80.00	80.00

12 Month High	Low	Stock	Div.	Yld.	PE	52 Wk. High	Low	Open	Close
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115.00	115.00	GE	0.40	3.00	15.00	115.00	115.00	115.00	115.00
110.00	110.00	Boeing	0.30	3.00	15.00	110.00	110.00	110.00	110.00
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100.00	100.00	Amgen	0.10	3.00	15.00	100.00	100.00	100.00	100.00
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110.00	110.00	Boeing	0.30	3.00	15.00	110.00	110.00	110.00	110.00
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100.00	100.00	Amgen	0.10	3.00	15.00	100.00	100.00	100.00	100.00
95.00	95.00	Novartis	0.05	3.00	15.00	95.00	95.00	95.00	95.00
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115.00	115.00	GE	0.40	3.00	15.00	115.00	115.00	115.00	115.00
110.00	110.00	Boeing	0.30	3.00	15.00	110.00	110.00	110.00	110.00
105.00	105.00	Merck	0.20	3.00	15.00	105.00	105.00	105.00	105.00
100.00	100.00	Amgen	0.10	3.00	15.00	100.00	100.00	100.00	100.00
95.00	95.00	Novartis	0.05	3.00	15.00	95.00	95.00	95.00	95.00
90.00	90.00	Roche	0.05	3.00	15.00	90.00	90.00	90.00	90.00
85.00	85.00	Glaxo	0.05	3.00	15.00	85.00	85.00	85.00	85.00
80.00	80.00	Schering	0.05	3.00	15.00	80.00	80.00	80.00	80.00

(Continued on Page 10)

BUSINESS ROUNDUP

Volvo Buys a 26.6% Share Of Pharmacia Voting Rights

Juris Kaza
International Herald Tribune

STOCKHOLM — The Swedish automaker Volvo AB is taking a 26.6-percent share of the voting capital in a Swedish pharmaceutical group, Pharmacia AB, Volvo announced Monday in a move that surprised many analysts.

Volvo, Scandinavia's largest private corporation, said it was acquiring nearly 2.7 million restricted A shares and just over 5,000 unrestricted A shares on behalf of a consortium.

Volvo officials said members of the group would be disclosed later. Volvo did not say what it was paying for the shares, but analysts estimated the amount at more than 600 million kronor (\$66.3 million).

The shares, sold by the Malmsten and Lundberg families, amount to 6.4 percent of Pharmacia's total share capital.

Some observers suggested that other companies that consider themselves independent of major business and banking groups in Sweden might be involved in the purchase, naming Skanska AB, an international contractor, and Invest AB Cardo, which has major interests in sugar, chemistry and plant genetics.

Other observers said Volvo might be preparing to take over most or all of Pharmacia.

In its most recent interim report, Pharmacia, which was one of the

first Swedish companies to offer shares for sale in the United States, said earnings were up 30 percent in the first nine months of 1984, to 439 million kronor, and it predicted that earnings for all of 1984 would be 22 to 25 percent higher than the 1983 figure, 514.4 million kronor.

Analysts point out that Pharmacia's sales and earnings growth was a little flatter than expected, apparently because of considerable spending on research and development.

Pharmacia officials said such spending would increase sharply in the fourth quarter.

Volvo's chairman and chief executive officer, Pehr Gyllenhammar, said in a statement that he considered the stake in Pharmacia "a strategic investment" in one of the leading companies involved in applied biotechnology.

Analysts said Volvo's enormous cash position, official restrictions on investments outside Sweden and Mr. Gyllenhammar's ideas about diversification had made some kind of move inevitable.

A senior analyst at a London brokerage called the announcement "pure, undiluted Volvo," in the spirit of the company's earlier attempts to sell shares to the Norwegian government and its ventures in oil prospecting, oil trading, and food processing, which have met mixed results.

Arab Bank Posts 26% Asset Gain

MANAMA, Bahrain—Arab Banking Corp.'s group assets rose 26 percent in 1984 to \$11.06 billion while net profit after provisions rose to \$110 million from \$107 million, the group said Monday.

The group, which acquired a 70-percent share last year in Spain's Banco Atlantico SA, said provisions rose to \$45 million in 1984 from \$20 million in 1983.

Its loan portfolio increased to \$4.65 billion from \$3.36 billion. Deposits rose to \$8.78 billion from \$7.44 billion while shareholder equity rose 8.4 percent to \$1.11 billion.

Intergroup Posts 4th-Quarter Profit

PITTSBURGH—National Intergroup Inc. on Monday announced a fourth-quarter profit of \$12.8 million, compared with a loss of \$38 million in the like period a year earlier.

The fourth-quarter earnings were 44 cents per share, including extraordinary gains of \$7.3 million, or 36 cents per share. The company has sharply reduced its interest in steelmaking and has asked for approval of a merger with a Los Angeles-based distribution company.

Sales in the fourth quarter, the first full quarter since the company sold half of its interest in its National Steel Corp. unit, fell to \$176.6 million from \$784.3 million a year earlier. For the year, it had a profit of \$32.6 million, or \$1.83 a share, compared with a loss of \$154.3 million in 1983.

U.S. Film System Reviewed

By Leslie Maitland Warner
New York Times Service

WASHINGTON — The Justice Department's antitrust division is expected to rule soon on an issue that could radically change the way films are distributed.

The chief of the division, Assistant Attorney General J. Paul McGrath, is evaluating whether the so-called "Paramount decrees" should be terminated or modified after more than 30 years.

The major distributors who are subject to these complicated consent decrees would generally favor termination. Theater owners say loss of the decrees could hurt the states and moviegoers.

The decrees restrict the distributors' 20th Century-Fox Film Corp., Warner Brothers and MGM/United Artists from owning theaters.

They also require those distributors to license films for distribution on a picture-by-picture, theater-by-theater basis.

Mr. McGrath said the decision to re-evaluate the decrees was made

in 1981 as part of a general review of consent decrees.

A decision by the department that a decree should be terminated would add considerable weight to any motion by a defendant in court to dissolve the decree, he pointed out.

"Today we have a policy that all antitrust decrees have a 10-year limit and then they expire," Mr. McGrath said. "But the Paramount decrees, and most decrees until recently, were open-ended. The question is whether a District Court judge should regulate an industry through very old consent decrees, or whether an industry should be regulated by antitrust law."

David Handelman, senior vice president and general counsel for 20th Century-Fox, said the decrees were aimed at preventing studios from coercing theater owners into taking films they did not want as a condition for getting those they wanted.

He added, "It wouldn't happen today. Competition for the entertainment dollar is more intense, and the antitrust laws are much more sophisticated."

Company Earnings

Revenue and profits, in millions, are in local currencies unless otherwise indicated

Australia		United States		Year	
Revenue	Profit	Revenue	Profit	1984	1983
Western Mining		Amstar		Revenue	Profit
1st Half	1984	4th Quarter	1984	1984	1983
Revenue	27.1	Revenue	17.9	Revenue	201.9
Profit	12.9	Profit	10.1	Profit	48.3
Per Share	0.34	Per Share	0.64	Per Share	1.36
Canada		Ametek		Year	
Revenue	Profit	Revenue	Profit	1984	1983
4th Quarter	1984	4th Quarter	1984	Revenue	Profit
Revenue	42.6	Revenue	17.9	Revenue	201.9
Profit	12.9	Profit	10.1	Profit	48.3
Per Share	0.34	Per Share	0.64	Per Share	1.36

(Other Earnings on Page 10)

New Strategies for Sotheby's

(Continued from Page 7)

president of Citibank's private banking and investment division.

Leveraging is a controversial issue for dealers, for financiers and certainly for Sotheby's most direct competitor, Christie's International, the world's second-largest auction house.

Skeptics maintain that the treatment of art as collateral by banks and auction houses may lead to a spiraling of prices and adverse consequences for investors and lenders.

"Creating a financial vehicle could enlarge potential demand and cause art to be marked up," Mr. Salomon said.

Eugene V. Thaw, a New York dealer in fine art, is dismayed that art, collateralized, "becomes a commodity like pork bellies or wheat."

When someone buys art strictly for investment, he warned, "he can go wrong because you may be forced to sell at the wrong time."

The basic economic law of the marketplace poses a major challenge in the changing art world.

The supply of fine quality art, everyone acknowledges, is shrinking against widening demand from newly rich collectors and museums.

The danger, many predict, is that Sotheby's and other lenders will be financing second-rate art with inflated values to feed what they see as a fast-growing market.

Mr. Taubman, chairman and corporate strategist for Sotheby's, estimates that \$25 billion in art and other collectibles is sold worldwide each year.

The two rival auction houses, Sotheby's and Christie's, account for only \$1 billion. Beyond that, Michael L. Ainslie, president and chief executive officer of Sotheby's Holdings, guesses that \$400 billion worth of art may be held in private collections throughout the world, exclusive of what is owned by museums, and that the average holding period is 20 years.

"We are looking at the issue of velocity," said Mr. Ainslie, a Harvard MBA, who was once a real estate developer. "If people are holding for that long, can't we help them have more fun by improving their collections at a faster pace?"

Leveraging and marketing are two concepts at the core of Mr. Taubman's success.

The founder and chairman of the Taubman Co., based in Michigan, built his fortune on dramatic real estate projects. He is steering Sotheby's into channels of finance where other auction houses and dealers have been reluctant to tread.

• Lending to sellers. In the past, Sotheby's and Christie's infrequently advanced money on merchandise scheduled for sale several months hence. But last year, Sotheby's lent about \$12 million to 130 consignors in London and New York, a 30-percent increase in such transactions over the year before.

Terms: an interest rate of two to three percentage points above prime on 50 percent of the agreed reserve, the confidential minimum price set by the seller and the auctioneer.

• Lending to dealers and private collectors. Even if no sale in the near future is contemplated, Sotheby's encourages them "to make their collections work for them," said Diana D. Brooks, executive vice president of Sotheby's North America. Whether or not Sotheby's takes physical possession of the collateral depends on the borrower's overall credit posture. Terms: three to five points above prime, for up to a year.

• Lending in unusual forms. For example, recently Sotheby's created a catalog for a European collector who pledged to sell his collection 10 years hence through the auction house. The publishing project is reckoned by Mrs. Brooks to be worth the equivalent of a \$50,000 loan for that period on a collection worth \$4 million. Interest will be paid at the time of the sale.

• Lending to buyers. As part of a competitive strategy for winning consignments, Sotheby's has arranged through a major bank to furnish credit up to one year for prospective bidders at the sale in April of Impressionist paintings from the estate of the late Florence J. Gould, daughter-in-law of Jay Gould, the 19th-century financier. Normally, buyers at auction must pay promptly: private individuals within three days, dealers within 30 days.

The ability to delay payment can make an enormous difference in sales prices, Mrs. Brooks says. This financing option is believed to have given the auction house a competitive edge over a consortium of dealers in obtaining the collection from the executors of the Gould estate.

The sale is expected to bring at least \$25 million and to set records for this category of fine art, already the most expensive and one that affords the biggest profit margins for the auction house.

The other financing options are regarded as profitable activities as well as seductive lures to attract customers.

Sotheby's takes advantage of the spread in interest rates between what the auction house, with the tremendous financial muscle of its new owners, has to pay for money and what it charges its customers.

Consideration is being given to establishing a finance subsidiary, an art-market version of General Motors Acceptance Corp., which provides credit for auto purchases.

Manufacturers Hanover completes another record year.

Extracted from a letter to shareholders by John F. McGillicuddy, Chairman.

"I am very pleased to report that our corporation's earnings reached a new high in 1984. In fact, our net income of \$352.5 million represents this institution's 12th consecutive year of record results.

"Fourth quarter earnings totaled \$106.2 million, an increase of 23 percent over last year's fourth quarter. Even more significant was the fact that our earnings per share for this period reached \$2.14 up from \$2.13 a year ago and \$1.69 in the third quarter of 1984. This means that the dilution resulting from the issuance of common and preferred stock—both related to the acquisition of CIT Financial Corporation—has been reversed, and in only nine month's time.

"A major factor in this reversal was that CIT's performance more than lived up to expectations. Since it was acquired on May 1st, CIT has contributed \$31.7 million to our bottom line—that, after all charges for interest-related financing costs and the amortization of the purchase premium. On a pro forma basis, had CIT been with us for the full year instead of only eight months, it would have contributed approximately \$45 million. We expect CIT will contribute at an even higher level in 1985.

"Other highlights of the year worth noting include:

"A 35.7 percent increase in primary capital, up \$1.2 billion to \$4.4 billion. This brought our ratio of primary capital to assets to 5.77 percent, up from 5.01 percent a year ago. In the past three years, we have added \$2.2 billion to our primary capital base.

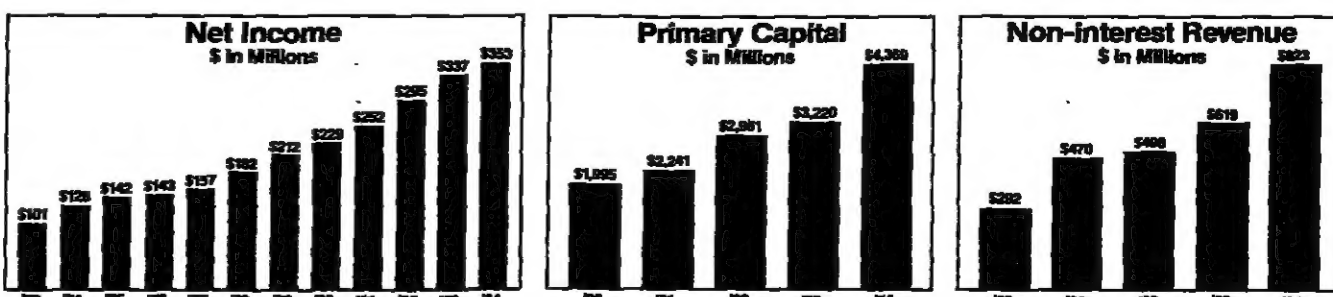
"A \$198 million addition to our reserve

for possible loan losses. This 45.8 percent increase in our reserves came after absorbing a record \$259.2 million in net loan charge-offs. This means that despite the impact of a grossly uneven economic recovery, both at home and abroad, we were able to absorb our losses out of current earnings even as we bolstered our reserve by an additional \$198 million. At year's end, our reserve totaled \$630.7 million, representing a ratio of reserves to total loans of 1.08 percent, up from .90 percent a year ago.

"A 33 percent increase in other operating income to \$823 million. This \$204 million improvement means that we continue to derive an ever-growing share of our revenues from fee-based services that make little or no claim on our capital ratios. Improvements came in virtually all sectors of our business, but were particularly strong in the areas of foreign exchange trading, securities trading and investment banking.

"On the international scene, progress continued to be made during the year, with a major debt restructuring for Mexico and with Argentina reaching agreement with the International Monetary Fund and major creditor banks. The result was a partial payment of past-due interest by Argentina at year's end. Despite this payment, our earnings for the year were reduced by \$26.3 million after-tax by the impact of certain nonaccrual Argentine loans.

"Our strong performance in the fourth quarter, particularly given the challenges we faced, provides us with a great deal of momentum as we enter 1985."



MANUFACTURERS HANOVER
The Financial SourceSM Worldwide.

A full earnings report and complete financial statements are available pending publication of the 1984 Annual Report and 10-K in early March. Write Manufacturers Hanover Corporation, Corporate Communications Dept., 270 Park Avenue, New York, NY 10017.

FOREIGN & COLONIAL RESERVE ASSET FUND

PRICES AT 3/1/85

A. US DOLLAR CASH	\$10.16
B. MULTICURRENCY CASH	\$ 9.78
C. DOLLAR BONDS	\$10.66
D. MULTICURRENCY BONDS	\$10.11
E. STERLING ASSETS	\$10.05

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TEL: 02942731 TELE: 419203

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Quotes as of Feb. 4, 1985

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Feb. 4

NASDAQ National Market Prices[illegible][illegible][illegible][illegible]

		Sells in		Net	
		1989: High Low 2 P.A. Chgs		Chgs	
IBM	1.26	3.2	9	4.75	4.45
IBM	1.32	3.1	32	4.45	3.45
IBM	2.10	8.4	27	12	12
IBM	1.26	3.2	9	4.75	4.45
IBM	1.32	3.1	32	4.45	3.45
IBM	2.10	8.4	27	12	12
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IBM					

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References

BONN — Karl Otto Pöhl, president of the Bundesbank, has been quoted as saying he sees no reason for further rises in West German interest rates after a ½-percent increase in the Lombard rate last week.

Mr. Pöhl told Der Spiegel magazine, however, that even after the Lombard was raised to 6 percent, in a move to tighten the central bank's control of monetary policy and help defend the Deutsche mark against the U.S. dollar, West Germany's interest rates were lower than those of any major country except Switzerland and Japan.

He said the Lombard, the rate at which bankers borrow from the Bundesbank against certain securities as collateral, was raised chiefly to ensure that it was used to provide short-time residual financing. He added that, if the rise made West German investments more attractive to foreigners, he would not object.

Quotations Supplied by Funds Listed

4 February 1985

value quotations shown below are supplied by the Fund. Some funds whose quotes are based on last prices

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When the leading participants in the world's capital markets were asked by *Euromoney* magazine which bank is the most innovative in the international bond and syndicated loan markets—"the best house for introducing successful new techniques"—Morgan ranked first in both areas.

"Morgan is a corporate finance-driven merchant bank, (which) may explain some of its inventiveness," *Euromoney* wrote in its commentary on the poll results. "It tends to see the securities business from a company's point of view; its corporate finance officers estimate how the bank's forex, swap and Eurobond capabilities can minimize costs and meet the particular needs of the client company."

Morgan has earned this recognition by putting our uniquely comprehensive set of capabilities to work for the long-term interests of our clients.

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□ Morgan is the leading counterparty that can act with equal proficiency as either principal or agent in rate and currency swap transactions. Our especially strong capital position, reflected in our AAA/Aaa credit ratings,

The Euromoney Poll		
"Which bank is the most innovative in terms of new instruments and pricing?"*		
Eurobonds		
Rank		Votes
1	Morgan Guaranty	96
2	Credit Suisse First Boston	71
3	Salomon Brothers	62
4	Merrill Lynch	47
5	Morgan Stanley	24
6	Orion Royal	8
	Swiss Bank Corporation	8
8	Manufacturers Hanover	6
9	Citibank	5
	Morgan Grenfell	5
	Samuel Montagu	5
	Smith Barney, Harris Upham	5
Syndicated Loans		
1	Morgan Guaranty	48
2	Citibank	45
3	Chase Manhattan	27
4	Samuel Montagu	15
5	Credit Suisse First Boston	11
6	Bankers Trust	9
7	Merrill Lynch	6
8	Bank of America	5
	Manufacturers Hanover	5
10	Chemical Bank	4
	Lloyds Bank International	4

*Asked of managers in the international bond and syndicated loan markets.
Source: *Euromoney*, October 1984.

enhances our role as principal and can reduce client costs and risks in each swap we arrange.

□ Because Morgan concentrates on the in-

ternational capital markets, we can devote all our worldwide resources to providing superior service in these markets to our clients.

A recent example of Morgan innovation:

For a \$500 million Kingdom of Sweden floating-rate note issue, our Eurobond underwriting subsidiary, Morgan Guaranty Ltd, proposed the first U.S. Treasury-style auction in the international capital markets, then committed to place a competitive bid for the entire issue. The package gave Sweden the lowest cost related to the London Inter-Bank Deposit Bid Rate ever achieved in the Eurodollar floating-rate note market. And its success led to a second Swedish auction issue, for \$700 million.

Other recent examples: profitable Deutschemark defeasance transactions for three major U.S. issuers, and zero-coupon Eurobond issues which we swapped into floating-rate funding for Electricité de France, Nordic Investment Bank, and Swedish Export Credit.

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The Morgan Bank

SPORTS

Hess Continues Swiss Skiing Dominance

United Press International

BORMIO, Italy — Erika Hess, back to her brilliant best after a long lean spell, won the women's combined event here Monday and continued Switzerland's gold medal romp at the world Alpine ski championships.

Hess retained the first of three titles she won at the 1982 world championships by setting the fastest time in both runs of the slalom race in 13 months ago. The combined event was computed from the results of the slalom and last Thursday's downhill.

Two faultless runs down Monday's icy course made up for Hess' 16th place in the downhill, when she was 1.21 seconds off the pace, and gave the 22-year-old Swiss the gold with a total of 18.72 penalty points.

"Everything is working now, I've got my confidence back," Hess said.

The course was fairly easy, but icy. It might have even been less difficult than Schladming, where she won three golds at the 1982 world championships.

"I never really thought about the combination. Since my World Cup results haven't been much lately, there was no pressure on me," Hess said. "I just skied for the fun of it."

Sylvia Eder of Austria took the silver medal with 34.42 points, and American Tamara McKinney won the bronze with 44.45.

Hess' victory gave Switzerland its third gold in the three events so far completed at the championships.

The Swiss pair of Pirmin Zurbriggen and Michela Figini won

the men's and women's downhill titles Sunday.

Hess had runs of 45.19 and 45.60 seconds for an aggregate clocking of one minute, 30.79 seconds. Ursula Konzett of Liechtenstein, never in medal contention after a disastrous downhill four days ago, was second in 1:32.40 and McKinney was third in 1:32.80.

On a difficult track with a vertical drop of 167 meters (548 feet), the slalomists were able to make up their deficits from the downhill portion and dominate the final combined results. Monday's first run was flagged with 56 gates, the second with 57.

Maria Walliser of Switzerland and West German Traudi Haecker, first and second after the downhill, finished both slalom runs but dropped well down the standings.

Other downhill specialists — including Figini and Elisabeth Kirschner of Austria — fell on the steep slopes of the first run.

But Eder produced her best-ever slalom performance, finishing fifth, to secure the silver medal. The result made up for her disappointing Saturday, when she lost Figini in the all-out downhill only to have the race weathered out. It was Sunday, when Eder finished 10th.

She and Switzerland's Brigitte Oertli, fourth overall, were the only downhill specialists to challenge for medals in the combined.

McKinney said her bronze "is just as valuable as an Olympic medal. This is an important race. I skied a strategic race. Now I want to concentrate on slalom and giant slalom."

USFL's New Chief to Make His Capital Hill Pitch

By Mark Asher

WASHINGTON — Monday was Harry Usher's fourth official day as commissioner of the United States Football League, whose teams lost what he conservatively estimates at \$100 million in its first two years. It also might prove to have been one of the most important days of his stewardship in determining if the league will survive.

He was scheduled to testify at Senate Commerce Committee hearings on two bills that would restrict franchise relocation in professional sports. While other league executives are likely to ask Congress for additional antitrust exemptions to relieve the bidding for teams in the wake of the Los Angeles Raiders' \$49 million antitrust victory over the National Football League, Usher will argue otherwise.

Late last week Usher said Congress is not considering "the root of the problem" in the two bills in the Senate Commerce Committee and two others scheduled for hearings Wednesday before the Senate Judiciary Committee. The root of the problem, he said, is an NFL monopoly created unintentionally by Congress when it granted antitrust exemptions in 1961 to pool television negotiations and in 1969 to enable the NFL to merge with the American Football League.

The AFL was on NBC television, the NFL was on CBS; then the merged NFL added ABC for Monday night football in 1970. As a result, Usher said, it "becomes virtually impossible for a new league to compete on a firm economic basis."

Although each of the three networks is a larger business than the NFL (gross revenues estimated at \$750 million last season), Usher contends none of the three can "resist the incredible economic power that the NFL has."

His solution is to ask Congress to limit the NFL to appearing on only one or two networks.

Without television revenue, teams will continue to lose money, investors will stop investing and ultimately the USFL will fold. ABC holds rights to televise the USFL's spring games, but the league decided last year to switch from a spring to fall playing season in 1986.

"How many investors can you get to come in, in fact, you have to have a product that is a result of your investment, or the possibility of the result of your investment," Usher asked. "It is difficult then to attract investors. So the people who are here don't necessarily have to have deeper pockets."

"It's the ability to attract deep pockets which is equally relevant. If there is an opportunity for a competitive window — the ability to televise on the network on Sunday — then I don't think we're going to have a problem."

He declined to give specific examples of

the networks' refusal to deal with the USFL for fall games, saying that was part of the evidentiary process in the league's \$1.3 billion antitrust suit against the NFL. That case is not expected to come to trial before the end of the year at the earliest.

Usher outlined the relevance of the NFL-network alliance to Monday's hearings: "When you take this monopolistic position the NFL has, and it builds up and builds up so that the television revenues are a material portion, if not the material portion, of their revenues and economic base, then that monopolistic position is used to restrict the number of franchises that divide into the number of television payments. In the 14 years in which they've held this monopolistic position, they've only expanded twice, Seattle and Tampa Bay in 1974."

"So year in, year out, you have all these cities like Jacksonville, Memphis, Phoenix and Indianapolis applying for franchises. And they [the NFL] say no, because that dilutes the television, and the net result is that these teams have become so powerful."

"Then you throw on the Raiders case, allowing them to freely transfer arguably — because it's an antitrust violation to prohibit them — that these cities have basically gone bankrupt. Leveraged by the fact the team will move to them, in which case you make an incredible deal, or the team will move out from you, in which case they make an incredible deal to keep the team...."

"But instead of addressing the problem — which is the monopolistic position that this is allowed to happen — they are going to consider bills that in fact enhance the monopolistic position, to restrict transfer, which is somewhat bizarre."

And how does he think Congress will respond to him?

"I don't know. Nobody's ever told them this before. I don't think I'd like to compete. When you just refuse to deal, it's not fair. Just let us compete."

Usher represents a change in direction for USFL owners. He replaces Chet Simmons, a former network and cable sports executive whom the league hired as a front man with credibility among television people. In Usher, they have hired a day-to-day chief operating officer, a man who teamed with Peter Ueberroth to make the Los Angeles Olympics a financial and artistic success.

Usher gave up his Beverly Hills law practice five years ago to join the Los Angeles Olympic Organizing Committee. He sees similarities between that job and this one.

"I remember telling people I was giving up my law practice and they said, 'Jeez, there aren't going to be any Olympics in 1984.' Carter had announced we might not go and there might not be another Olympics. They said, 'I don't know what you're doing.' That was a common comment when I started. In



Harry Usher

that respect I find a lot of similarities. People say I signed a three-year agreement [for a reported \$250,000 annually], but they don't think I'm going to have a league in a year."

But he has plenty of incentive to be successful. His deal with the USFL includes a percentage of any network television contract the league lands, according to The New York Times.

It's been rather hectic during his two and a half weeks of official and unofficial time on the job. "In the Olympic Games, coming in five years before, I was able to see the agenda and the timetable in many respects. The difference here is that it's coming at me from every conceivable angle right now.... It makes me dance faster."

But he already has started to bring some stability to a league in which he says only one team, the Tampa Bay Bandits, has a chance to be profitable this season. All the others, he predicted, will lose at least \$1 million. He called his first league meeting last week. The owners unanimously adopted a plan to subsidize the Los Angeles and Houston franchises and to seek new ownership for the Los Angeles Express.

SPORTS BRIEFS

Foyt Team Takes Daytona Auto Test

DAYTONA BEACH, Florida (UPI) — The quartet of A.J. Foyt, Al Unser, Frenchman Bob Wollek and Belgian Thierry Boutsen won the Daytona 24-Hours sports car endurance race here Sunday.

The winners, in a Porsche 962 prototype, benefited from a mishap involving the #62 of Al Unser Jr., Al Holbert and Englishman Derek Bell, which had led by as many as 13 laps late Saturday night. With Bell at the wheel, that car — which led from the middle of the fourth hour until 43 minutes from the end, a total of 574 laps — developed fuel line and ignition problems that stalled it twice. Wollek came from three laps back and drove to victory.

O'Meara Wins Crosby Golf by 1 Shot

PEBBLE BEACH, California (AP) — Mark O'Meara scored a one-shot victory Sunday in the 44th Bing Crosby golf tournament. The No. 2 money-winner on the PGA tour last season closed with a one-over-par 73 on the rain-dampened Pebble Beach Golf Links; his four-round total was a five-under 283.

O'Meara led by only one shot most of the way and had to sink par-saving putts of six feet (on the 15th and 16th holes) and 12 feet (on No. 17) to make it stand up. Curtis Strange, playing with O'Meara in the final group, missed a seven-footer on the 18th green that would have forced a playoff.

Strange finished 72/284, tying him for second with Larry Rinker (a final 69) and Kikuo Arai of Japan (a 71). Rex Caldwell and Payne Stewart had closing 66s to tie for fifth at 285.

Edberg Crushes Noah in Tennis Final

MEMPHIS, Tennessee (AP) — Stefan Edberg of Sweden routed Frenchman Yannick Noah, 6-1, 6-0, Sunday to win the U.S. National indoor tennis championship. Edberg, seeded ninth, had reached the final by eliminating defending champion and top-seeded Jimmy Connors.

The 19-year-old Edberg, who is ranked 19th among the world's touring pros, demolished Noah in 54 minutes. The winner made only three unforced errors and served five aces.



Erika Hess, winning the combined: 'I just skied for the fun of it.'

SCOREBOARD

Skiing

World Championships

WOMEN'S COMBINED: SLALOM	
1. Erika Hess, Switzerland, 45:19-45:40-1:30:59	
2. Ursula Konzett, Liechtenstein, 46:31-46:09-1:32:40	
3. Tamara McKinney, U.S., 46:41-46:38-1:32:79	
4. Helene Berthod, France, 46:49-46:38-1:32:87	
5. Sylvia Eder, Austria, 47:04-47:11-1:34:15	
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9. Dorota Tylka, Poland, 47:41-47:59-1:35:40	
10. Birgit Loner, Austria, 48:09-48:16-1:36:25	

Auto Racing

The 100th Anniversary of the 100th

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Golf

The 44th Bing Crosby Golf Tournament

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Hockey

NHL Standings

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Basketball

Selected U.S. College Conference Standings

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Davis, in Return, Helps

Suns to 120-109 Victory

Compiled by Our Staff From Dispatches

PHOENIX, Arizona — After missing the first 47 games of the season with torn knee ligaments, it was fitting that veteran guard Walter Davis scored 11 points in an 11-point Phoenix victory.

Davis, who averaged more than 20 points a game and was one of the Kings of the Suns in their heyday, made the playoffs in each of his last five seasons.

Caps Thwart Jet Attack in 6-2 Triumph

The Associated Press

LANDOVER, Maryland — The last time Washington faced Winnipeg, the Jets blitzed to a 7-5 victory, but the Capitals learned a valuable lesson. On Sunday, they tightened up their defense and slowed down the high-powered Winnipeg attack; the result was a 6-2 decision that fattened Washington's lead in the National Hockey League's Patrick Division to eight points.

Mike Gartner, who scored two goals and two assists and Mike Gartner scored twice for the winners, who are ranked third in league defense.

NHL Focus

Winnipeg has too much firepower for us to play wide-open against them," said Coach Bryan Murray. "Through most of the game, we had them under control."

They needed that control most in the third period. After building a 3-1 lead on a McEwen goal and two others on which he assisted, the Capitals saw the margin trimmed to one late in second period. Winnipeg got off 13 shots at goaltender Pat Riggin in the next 13 minutes, but was unable to break through.

Then Washington exploded for three goals in 78 seconds (one each by Gartner, Gartner and Gartner) to put the game away.

Elsewhere it was Dallas 114, Denver 106, and the Lakers 122, Indiana 100.

Davis sank a 12-foot jumper the first time he touched the ball late in the first quarter and he later put Phoenix ahead to stay at 34-31 on a three-point play with 8:58 left in the first quarter.

"I got a little tired," said Davis. "But I wanted to win it real bad."

Lucas, who had 14 second-period points, helped the Suns stretch their lead to 55-46 before they settled for a 59-53 halftime edge.

Edwards scored 10 points in the third period, including six straight to lift the Suns to their largest lead — 75-60 with 6:14 remaining.

In the fourth quarter, the Suns got four three-point goals — two each by Ricky Sobers and Al Wood.

Witt Wins Compulsories

In European Ice Skating

United Press International

GOTEBORG — Katarina Witt of East Germany won the opening women's compulsory figures at the European figure skating championships here Monday. Witt, 19, the European titlist in 1984 and the reigning Olympic and world champion, held off strong challenges from Kira Ivanova and Anna Kondrasheva of the Soviet Union.

West German Claudia Leistner was fourth, Sandra Cariboni of Switzerland fifth and West German Patricia Neske sixth, followed by Claudia Villiger of Switzerland and Agnes Gosselin of France.

Tessier was named to the job in June 1982. In his first season the Hawks were 47-23-10 and reached the Campbell Conference finals before losing to Edmonton.

But he had been under fire this year for the team's disappointing 22-28-12 record (12-13-1 at home). And for the past two years Tessier has had a stormy relationship with the press and his players. Said Chicago's all-star defenseman Doug Wilson: "Something has to give."

